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SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Ann Lazarus, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, MARCH 8, 2011

2:15 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - February 22, 2011
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION
 - (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)
 - a. Discuss anticipated litigation matter pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10 (d):

 X As Defendant

GOVERNMENT
DOCUMENTS DEPT

MAR - 4 2011

Proposed action: Approval of Port's termination for convenience of Contract No. 2742, with California Restoration On-Call Inc. dba Avalon Construction Company ("Contractor"), for the Pier 26 South Bulkhead Office HVAC Improvement Project, and mutual and full settlement of Contractor's expenses. Proposed settlement includes Port's payment of \$5,152.32 for Contractor's expenses and associated with Port's termination for convenience, Contractor's full and final release, and other terms set forth in the settlement agreement and release on file with the Port Commission Secretary.

- (2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California, Mission Bay Development Group, San Francisco Waterfront Partners, and TMG Partners/the Sobrato Organization

Under Negotiations: _____ Price _____ Terms of Payment ☒ Both
The non-Port parties identified responded to a Request for Qualifications authorized by the Port Commission on May 11, 2010. In this executive session, Port staff intends to seek direction from the Port Commission on matters that may affect the competitive process now underway.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting.

Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE DIRECTOR'S REPORT

- Pier 70 20th Street Historic Buildings Request for Interest in Rehabilitation Opportunities - Released February 17, 2011
- 10th Anniversary of Removal of Embarcadero Freeway – February 27, 2011
- USA 17, Winner of the 33rd America's Cup, at Pier 80 – February 28, 2011
- Grand Opening of Cernelian-By-The-Bay Restaurant - March 3, 2011
- 8th Annual San Francisco Ocean Film Festival – March 9 to 13, 2011
- Public comments due on CEQA Notice of Preparation of the EIR for Pier 27 Cruise Ship Terminal/34th America's Cup - March 11, 2011
- Sunday Streets – March 20, 2011 Kickoff along Embarcadero from Fisherman's Wharf to Mission Bay

8. CONSENT

- A. Request approval of the annual update to the Port's 10-year Capital Plan for Fiscal Years 2012-21. (Resolution No. 11-12)
- B. Request approval of Consent to Sublease between Blue and Gold Fleet, L.P. and CUSA FL, LLC for a four year term to operate a ticket booth and office space totaling approximately 715 square feet located at Pier 41 on the Embarcadero near the foot of Powell Street at Pier 50 Shed B Bulkhead. (Resolution No. 11-13)

9. REAL ESTATE

- A. Request approval of First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors Corporation, a California Corporation, to change the commencement date and eliminate the bonding/guarantee requirements for construction of the Initial Tenant Improvements. (Resolution No. 11-14)
- B. Request approval of the Port of San Francisco's Proposed 2010 Retail Leasing Policy. (Resolution No. 11-15)

10. NEW BUSINESS

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Presentation on selection and award of Pier 70 Waterfront Site Developer (March 22, 2011)
- Informational presentation on the Port's Maritime Preservation Policy (March 22, 2011)
- Informational update on the Seawall Lot 337 development project (March 22, 2011)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, which includes the Pier 35 Superstructure Repair, Pier 33 Marginal Wharf Substructure Beam Repair, and the Pier 50 Valley Substructure Repair (March 22, 2011)
- Request approval to accept and expend 2007, 2008 and 2009 Supplemental Federal Port Security Grant Program Funds (March 22, 2011)
- Request approval to designate an Authorized Agent to apply for and accept funds from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 and under the California Disaster Assistance Act (March 22, 2011)
- Request authorization to award Construction Contract No. 2727, Pier 43 Bay Trail Link Project (March 22, 2011)
- Request authorization to amend the Gerwick/SDE JV professional services agreement for the Pier 43 Bay Trail Link Project (March 22, 2011)
- Informational presentation of the *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco (April 12, 2011)
- Informational hearing on City implementation of the Local Hire Program (April 12, 2011)
- Request for authorization to award Construction Contract for Contract No. 2744, Roundhouse 2 Heating, Ventilation and Air Conditioning (HVAC) Systems Retrofit Project (April 12, 2011)
- Request authorization to amend contract with Treadwell & Rollo, Inc., a Langan Company, for environmental consulting services at Pier 70 (April 12, 2011)
- Request authorization to advertise for and accept competitive bids for the Joint Operations and Security Building Project, Contract No. 2745 (April 26, 2011)
- Request for authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project (April 26, 2011)
- Request approval of Lease L-14495 with Hornblower Yachts, Inc., a California Corporation, for a Term of Five Years with One Five-Year Renewal Option, for premises located at Pier 9 consisting of approximately 1,198 square feet of unimproved pier shed, 7,243 square feet of apron space and 24,470 square feet of submerged land (April 26, 2011)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)

**COMMUNICATIONS TO THE PORT COMMISSION FROM FEBRUARY 18, 2011 TO
MARCH 3, 2011**

- From Dennis MacKenzie, regarding America's Cup
- From Bay Planning Coalition, invitation to the 24th Annual San Francisco Bay Decisionmakers Conference on April 26, 2011 at the Hilton Oakland Airport

MARCH/APRIL 2011

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
March 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 12	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 26	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly@REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any

scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

March 3, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Port's 10-Year Capital Plan, FY 2012-21

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

On February 22, 2011, Port staff presented an informational report on the Port's proposed 10-Year Capital Plan for Fiscal Years 2012-21 and no changes have been made to the Capital Plan since the Port Commission's review. Please note the next update of the Capital Plan will be in February 2013 per expected changes to the City's Administrative Code.

Background

As required by the City's Administrative Code 2.30–2.31, Port staff is updating its comprehensive 10-Year Capital Plan ("Plan") to address the Port's outstanding capital needs. The Plan is due to Mayor Edwin Lee and the Board of Supervisors on March 1, 2011¹ and is expected to be adopted through Board of Supervisors legislation by May 1, 2011. Legislation that would amend the Administrative Code to change the reporting cycle from annual to biennial is currently pending with the Board of Supervisors. This legislation has been passed by the City's Capital Planning Committee, has broad support in City Hall, and is widely expected to become law in the coming months.

Port staff presentations to the Port Commission on November 30, 2010 and to the Board of Supervisors on December 10, 2010 regarding the 34th America's Cup described the changes to the Port's bonding capacity arising from the proposed long-

This Print Covers Calendar Item No. 8A

¹ Due to delays associated with the award of the 34th America's Cup, the City-wide capital plan will be introduced to the Board of Supervisors on March 1, 2011 without the Port's entry. Once the Port Commission has given final approval of the Port's 10-Year Capital Plan, the introduced plan will be amended into the Port's chapter to the City-wide plan.

term development of Piers 30-32, SWL 330 and other potential long-term development sites. Port staff is confident that these impacts can be addressed through collaboration with the Mayor, the Board of Supervisors and the City's Capital Planning Committee.

Overview of Changes to the 2012-21 10-Year Capital Plan

The visible and impactful change for the Port in 2010 was the award to the City to host the 34th America's Cup in 2013. The 34th America's Cup Host and Venue Agreement ("HVA") among the City, the America's Cup Event Authority and the San Francisco America's Cup Organizing Committee² calls for use of 8 piers (Piers 30-32, 28, 26, 19, 23, 27 & 29) and the two-acre Seawall Lot 330 for Event-related activities, starting in 2012, subject to the City's successful completion of analysis required pursuant to the California Environmental Quality Act ("CEQA"). As described in the Port's 10-Year Capital Plan, the HVA requires substantial improvements to Port property by 2013 and will likely alter the Port's long-term debt strategy.

The FY 2012-21 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.17 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$60 million greater than the approximately \$2.1 billion identified in the Port's FY 2011-20 update. This increase is largely the result of 1) the 1.5% annual cost escalation used by the City and County of San Francisco, which has been incorporated into this plan, and 2) the inclusion of a new year (FY 2021) in this plan, where most of the FY 2011 costs became a part of the Port's backlog.

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)	
FY 2011-2020 Total	\$2,100,640
1.5% Cost Escalation	31,510
Roll in of Estimated FY 2021 Renewal Costs	33,609
Adjustments (completed work, revised estimates) ³	<u>6,846</u>
Total:	\$2,172,605

Of the \$772 million in proposed funding, the Port's 10-Year Capital Plan identifies \$151 million for capital enhancement, with the remaining \$621 million in funding planned for repairs and seismic upgrades over the next 10 years. This funding, from the Port's tenants, development projects, the Port's annual budget, revenue bonds, general obligation bonds and infrastructure financing district bonds, will reduce the Port's total repair and replacement needs by \$621 million, reducing the Port's unfunded need from \$2.17 billion to \$1.55 billion in 2021.

² <http://www.sfport.com/Modules/ShowDocument.aspx?documentid=516>

³ In prior plans, this number has traditionally been a negative one, indicating that the work completed by the Port coupled with downward adjustments to cost estimates were greater than upward estimates. In this plan, the adjustment to need is net upward as a result of the new inclusion of \$40 million need to address the Port's under pier utility infrastructure.

New Capital Planning Strategy

Apart from major changes to financing strategy, including new sources of revenues and a new strategy for bringing a cruise terminal to Pier 27, this plan shifts thematically from an emphasis on need and long-term strategies to a more detailed approach to planning, where the Plan will serve as a more practical and functional tool for the Port.

To that end, staff produced the 10-year plan of finance in this document through a new evaluation process that was fully integrated with the Port's two-year capital budgeting effort (in prior years, these two processes were separate). Staff from each Port division – Executive, Engineering, Maritime, Real Estate, Planning and Development, Finance and Administration and Maintenance – participated in a refined process for capital project submittal and evaluation, with a specific emphasis on prioritizing revenue-generating (or revenue-preservation) projects that promote the Port's mission. The criteria used in this process allowed Port staff to objectively prioritize proposed expenditures for both the Port's two year capital budget, which the Port Commission adopted at its February 22, 2011 meeting, and the 10-Year Capital Plan, enabling a single process for capital funding recommendations for the next ten years.

Conclusion

The waterfront has seen a series of transformative events since the Loma Prieta earthquake in 1989: the removal of the Embarcadero Freeway, the Embarcadero Roadway project, the opening of AT&T Ballpark and the world-class Ferry Building rehabilitation project, among others. Port staff is confident that the 34th America's Cup will stand with these other achievements as a major inflection point in the transformation of the San Francisco waterfront, and that the 10-Year Capital Plan will continue to stand as a steady guide through this part of the Port's continuing evolution.

Continued success will require new resources and a level of coordination with other City staff not undertaken since the Embarcadero Roadway project. Mayor Edwin Lee has already indicated his commitment to the effort and Port staff is excited to be a member of the team that will deliver the 34th America's Cup in 2013.

Port Commission Action

Port staff seeks Port Commission adoption of the proposed 10-Year Capital Plan, FY 2012-21.

Prepared by:

Daley Dunham, Special Projects
Executive Division

Lawrence Brown, Financial Analyst
Finance & Administration Division

Elaine Forbes, Deputy Director
Finance & Administration Division

Brad Benson, Special Projects Manager
Executive Division

Attachment: 10-Year Capital Plan

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-12

- WHEREAS, San Francisco's Administrative Code 2.30–2.31 directs City departments to submit a 10-Year Capital Plan to Mayor Edwin Lee and the Board of Supervisors by March 1st each year, to be signed by the Mayor by May 1st; and
- WHEREAS, pending legislation sponsored by Supervisor David Chiu is expected to change this reporting cycle from annual to biennial; and
- WHEREAS, in 2006, the Port of San Francisco completed a 10-Year Capital Plan that assessed the Port's capital needs including a review of 39 pile-supported pier structures, 80 substructures including marginal wharfs connecting the piers, 245 commercial and industrial buildings, over three miles of streets and sidewalks, as well as elements of the utility infrastructure that supports them; and
- WHEREAS, in 2011, the Port has updated its 10-Year Capital Plan which identifies \$2.17 billion in required repairs and seismic upgrades over the next 10 years; and
- WHEREAS, of the \$772 million in proposed funding, the Port's 10-Year Capital Plan identifies \$151 million for capital enhancement, with the remaining \$621 million in funding planned for repairs and seismic upgrades over the next 10 years. This funding, from the Port's tenants, development projects, the Port's annual budget, revenue bonds, general obligation bonds and infrastructure financing district bonds, will reduce the Port's total repair and replacement needs by \$621 million, reducing the Port's unfunded need from \$2.17 billion to \$1.55 billion in 2021; and
- WHEREAS, the Port will update this 10-Year Capital Plan biennially to reflect changes in the condition of the Port's facilities as well as changes in budget and financing assumptions; and, now, therefore, be it
- RESOLVED, that the Port Commission adopts the Port's 10-Year Capital Plan; and be it further

RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port to submit the Port's 10-Year Capital Plan to Mayor Edwin Lee and the Board of Supervisors.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 8, 2011.

Secretary

Port of San Francisco



10-Year Capital Plan

FY 2012-2021 Biennial Update

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I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero Historic District on the National Register of Historic Places. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in conversation with the State Office of Historic Preservation regarding the designation of the Pier 70 area as a National Register Historic District.

While much activity has taken place over the last year, the visible and impactful change for the Port in 2010 was the award to host the 34th America's Cup in 2013. The Host and Venue Agreement ("HVA") among the City, the America's Cup Event Authority ("ACEA") and the San Francisco America's Cup Organizing Committee¹ calls for use of 8 piers (Piers 30-32, 28, 26, 19, 23, 27 & 29) and the two-acre Seawall Lot 330 for Event-related activities, starting in 2012, subject to the City's successful completion of analysis required pursuant to the California Environmental Quality Act ("CEQA"). As described later in this report, the HVA requires substantial improvements to Port property by 2013 and will likely alter the Port's long-term debt strategy.

Additionally, relative to prior plans, this Plan shifts thematically from an emphasis on need and long-term strategies to a more detailed approach to planning, where the Plan will serve as a more practical and functional tool for Port Commissioners and Port staff. To that end, staff produced the spending plan in this document through a new evaluation process that was fully integrated with the Port's two-year capital budgeting effort (in prior years, these two processes were separate). Additionally, whereas in prior plans this document used a "needs and sources" schedule to depict the state of the Port's capital portfolio, carrying unfunded need from year to year, this Plan emphasizes its 5-Year Plan of Finance. With regard to the Port's own capital funds, for the first time, the initial two years of this table exactly mirror the Port's two-year capital budget. A third major change that moves this Plan in the direction of a more practical and functional planning document is a revised treatment of seismic projects, where the Port now conforms to the practice of the City and County of San Francisco as more fully described herein.

The FY 2012-21 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.16 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$60 million greater than the approximately \$2.1 billion identified in the Port's FY 2011-20 update. This increase is largely the result of 1) the 1.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this Plan, and 2) the inclusion of

¹ <http://www.sfport.com/Modules/ShowDocument.aspx?documentid=516>



a new year (FY 2021) in this Plan, where most of the FY 2011 unfunded costs became a part of the Port's backlog. The remaining difference is a result of the removal of completed projects and the many small adjustments to cost estimates over the past year, many of which are offsetting. There were two large adjustments this year, the largest of which is the inclusion of a new \$40 million cost associated with the Port's planned new under-pier utility infrastructure work in response to potable water leaks into San Francisco Bay. The other substantial adjustment is a reduction to the estimate for environmental cleanup work needed at Pier 70 by \$22.5 million, from \$38.5 million down to \$15 million. This correction stemmed from completion of Pier 70 environmental investigation work last year; the \$15 million number now carried in the Capital Plan database mirrors the January 2010 revision to the Port's Pier 70 Financial Plan.

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)

FY 2011-2020 Total	\$2,100,640
1.5% Cost Escalation	31,510
Roll in of Estimated FY 2021 Renewal Costs	33,609
Adjustments (completed work, revised estimates)	<u>6,846</u>
Total:	\$2,172,605

Broken down by Port region, capital need increased across the Port as follows:

Change in Capital Need, by Region (*in thousands*)

<u>Port Region</u>	<u>FY11-20 Total</u>	<u>FY12-21 Total</u>	<u>Difference</u>	<u>Increase</u>
China Basin	\$140,544	\$142,999	\$2,455	1.75%
Ferry Building	93,867	95,979	2,112	2.25%
Fishermans Wharf	113,514	115,881	2,367	2.09%
Northeast Waterfront	399,711	406,267	6,556	1.64%
Portwide	353,878	417,181	63,303	17.89%
South Beach	321,647	329,547	7,900	2.46%
Southern Waterfront	<u>677,479</u>	<u>664,751</u>	<u>(12,728)</u>	<u>-1.88%</u>
	\$2,100,640	\$2,172,605	\$71,965	3.43%

Of the \$2.17 billion in total need, the Plan of Financee included in this Plan identifies \$744 million in funding over the next ten years. Sources for this financing include:

- Port tenant obligations;
- Port's annual operating budget;
- revenue bonds;
- development projects;
- Infrastructure Financing District (IFD) bonds;
- General Obligation bonds and other City debt instruments; and
- multiple federal agencies including United States Army Corps of Engineers and Department of Defense.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately \$650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of open space park areas near the water's edge.

The Port has developed policy options to address the unfunded portion of its Plan including use of grant funds, tax increment financing and potential private development options. In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. In 2010, the California Legislature adopted AB 1199 (Assemblymember Ammiano), permitting the Port to establish a Pier 70 IFD that may issue debt repayable with both the local share of possessory interest tax (already permitted under current law) and the state's share of possessory interest tax (permitted by AB 1199).

The FY 2012-21 Capital Plan reflects the continued uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2021, the Plan no longer assigns the projected \$65 million in tax increment debt proceeds arising from this development to specific uses, as it did two years ago. Furthermore, the projected revenue bond revenues arising from the proposed development, also projected at \$65 million, are assigned to projects likely to occur later than 2015.

As the Port focuses on delivery of facilities for the 34th America's Cup, the Under Pier Utility Infrastructure Program, as well as revenue bond and general bond funded projects over the next five years of the Plan, it is clear that the Port must leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts) with other sources of public and private funding to gap-finance its projects. This strategy will strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan. Toward that end, the Port staff is aggressively pursuing federal funding, including \$30 million in federal transportation funding and over \$20 million in U.S. Army Corps of Engineers funding authorized by Congress in the Water Resources Development Act of 2007 but not yet appropriated to specific projects.

II. Summary of Changes

The FY 2012-21 update of the Port's 10-Year Capital Plan identifies a total need of approximately \$2.16 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately \$60 million greater than the approximately \$2.1 billion identified in the Port's FY 2011-20 update. This increase is largely the result of 1) the 1.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this Plan, and 2) the inclusion of a new year (FY 2021) in this Plan, where most of the FY 2011 costs became a part of the Port's backlog. The balance results from the removal of completed projects and the many small adjustments to cost estimates over the past year, many of which are offsetting. There were two large adjustments this year, the largest of which is the inclusion of a new \$40 million cost associated with the Port's planned new under-pier utility infrastructure work in response to potable water leaks into San Francisco Bay. The other substantial adjustment is a reduction to the estimate for environmental cleanup work needed at Pier 70 by \$22.5 million, from \$38.5 million down to \$15 million. This correction stemmed from completion of Pier 70 environmental investigation work last year; the \$15 million number now carried in the Capital Plan database mirrors the January 2010 revision to the Port's Pier 70 Financial Plan.

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)

FY 2011-2020 Total	\$2,100,640
1.5% Cost Escalation	31,510
Roll in of Estimated FY 2021 Renewal Costs	33,609
Adjustments (completed work, revised estimates)	<u>6,846</u>
Total:	\$2,172,605

Broken down by Port region, capital need increased across the Port as follows:

Change in Capital Need, by Region (in thousands)

Port Region	FY11-20 Total	FY12-21 Total	Difference	Increase
China Basin	\$140,544	\$142,999	\$2,455	1.75%
Ferry Building	93,867	95,979	2,112	2.25%
Fishermans Wharf	113,514	115,881	2,367	2.09%
Northeast Waterfront	399,711	406,267	6,556	1.64%
Portwide	353,878	417,181	63,303	17.89%
South Beach	321,647	329,547	7,900	2.46%
Southern Waterfront	<u>677,479</u>	<u>664,751</u>	<u>(12,728)</u>	<u>-1.88%</u>
	\$2,100,640	\$2,172,605	\$71,965	3.43%

For purposes of this Plan, the Port treats piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the

overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects movement of \$23.4 million into the FY 2011 backlog. Until such time as the Port is in a position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of the FY 2011 foregone capital expenditure into backlog, as well as the addition of a new \$40 million cost for the under pier utility infrastructure program, is why the "Portwide" cost center listed on the table above reflects an increase of nearly 18 percent.

Likewise, the reduced need in the Southern Waterfront is a result of the Port's refinement of its estimates for the cost of clean up of hazardous materials at Pier 70. Without this \$22.5 million reduction, the increase in need in the Southern Waterfront would be on par with other Port regions.

The 34th America's Cup

The HVA is subject to completion of environmental review of the Event under CEQA, including a full range of appropriate alternatives and mitigation measures for the Event in its entirety under CEQA. Since the Event Authority's designation of the City as host for the Event on December 31, 2010, City and Port staff members have been meeting with Event Authority representatives to initiate the CEQA review process.²

To prepare for the 34th America's Cup, the Port would accelerate the design and site preparation for the Pier 27 Cruise Terminal project. The Event would be the first user of the core and shell of a new cruise terminal building as part of its concept for an America's Cup Village at Piers 27-29. During race events, Pier 27 could not be used to receive cruise ship calls.

The Authority would be required to demolish the Pier 27 shed and temporarily move shoreside power installations at Pier 27, reducing the Port's overall project budget for the cruise terminal. The Authority would also demolish portions of the Pier 29 shed

² The HVA may be subject to further changes in the course of public review of the Event during the extensive approval processes that will follow CEQA review and in response to other City, Port, and public concerns that may arise, and is limited to the uses currently proposed by the Event Authority, and does not cover all potential uses for event venues, which the Port may consider in the course of the approval processes. The HVA may be amended to reflect any subsequent proposal to change the uses, the mix of uses, the intensity of development, or other fundamental terms, subject to Port Commission review and additional CEQA review, if the changes have not already been analyzed. The HVA is not intended to be, and will not become, contractually binding until CEQA review is complete. While the MOU implements certain obligations of the City and the Port in planning for the Event, should it be approved, approval of the MOU does not approve or finalize all of the material terms and conditions of the project.



consistent with Secretary of the Interior's Standards for the Treatment of Historic Properties.

The Authority would be required to invest approximately \$47 million in Piers 30-32 and \$7.5 million for the Pier 27 and Pier 29 work described above, or make total infrastructure investments at other Port sites totaling \$55 before the Match in 2013. In order to recover these investments the Authority would receive long term development rights at Piers 30-32 and SWL 330.

The Port would provide Venue Leases at 8 piers and SWL 330 at no cost to the Authority. An MOU between the Controller and the Port would provide that the City would make payments to the Port in lieu of lost rent.

The focus on the 34th America's Cup means that the Port will have to expedite a few primary capital projects called for in the HVA (the cruise terminal, the Brannan Street Wharf, and Pier 36 removal). Other projects, such as the Backlands and Piers 19-23 project, will likely experience delays in project delivery due to staffing and related resource issues, but the Port remains committed to pursuing a strategy of capital investment that enhances the Port's balance sheet.

Port Revenue Bond Capacity

In February 2010, the Port issued \$36.7 million in Revenue Bonds in two series - a non-AMT tax-exempt series (Series 2010A) and a taxable series (Series 2010B). The capital projects receiving funding from these bond proceeds include the Pier 27 cruise terminal project, Pier 90-96 backlands, design work for Piers 19-23, Piers 33 and 35, Pier 19 roof replacements, and the Pier 50 valley. When the bonds were sold, the Port prepared five year projections of its net revenues and debt service, which included the assumption that the Port would be issuing approximately \$59.5 million in additional debt within that five year period (2010-2015). These projections were based on (1) \$10 million in net annual revenues, (2) an assumption that all future debt would be tax-exempt and (3) the addition of new revenue sources. However, the Port's project needs require funding by taxable debt which is more expensive thereby reducing future capacity accordingly. The 2010 assumption also included projected new revenues from completion of Piers 90-96, Pier 27 cruise terminal, Piers 19-23, and Pier 33 based on completion dates that are not now possible given the changes in the Port's priorities.

Based on lower actual net revenues in 2010, consideration of taxable debt, and revised project completion schedules, the Port can issue approximately \$40 million of debt over the next five years. In 2010, three credit ratings agencies indicated that their ratings (Moody's: "A1", S&P: "A" and Fitch: "A") were based on the expectation that the Port would maintain a debt service coverage ratio of 2.0 times. The planned uses for the \$40 million of new debt include the Pier 27 cruise terminal project, Piers 19-23, Wharf J9 and Pier 48. These projects benefit the local economy and generate income for the Port to invest in ongoing capital projects to partially address the over \$1.0 billion of identified

need for renewal and repair of existing facilities and deferred maintenance. The proposed MOU would maintain the Port's bonding capacity from FY 2011-12 through FY 2013-14 for these important projects.

Planned debt issuance includes \$15 million in FY 2011-12 for the Pier 27 Cruise Terminal Project and \$25 million in FY 2013-14 for Piers 19-23, 48, and Wharf J9.

The legacy leases from the HVA will result in ongoing Port lease revenue reductions beginning in FY 2014-15 of between \$1.38 million and \$2.37 million which will reduce debt capacity by \$20 million to \$34.3 million. The strategy to rebuild debt capacity is a combination of reducing operating expenses, particularly for services of other departments, to use this existing debt capacity for revenue generating projects, such as Piers 19-23, and to find new sources of public investment.

Change to Seismic Cost Estimation

Since the publication of the Port's first capital Plan in 2006, the Port has maintained a policy decision to assume a need for seismic repair that exceeds code-driven requirements. In consideration of the fact that many of the Port's structures are 100 years old, the Port's original Plan adopted a standard that all properties should be maintained to reasonably modern seismic standards, as if they were originally constructed within the last few decades. While this approach represented a clear picture of how the Port would like to maintain all facilities, there were also a few drawbacks.

In recognition of the size of the Port's structural challenges and very scarce resources for capital, as a matter of policy, this Plan now will only program funding for seismic work where a change of use or major rehabilitation is taking place, which is a change from prior iterations of this Plan. The Port still endorses the idea that, where possible, very old facilities should be brought up to modern seismic standards, whether compelled by code or not. While this departs from capital planning convention and the practice of CCSF planning efforts, the age and structure of the Port's facilities are unique, and, in the opinion of staff, merit this consideration.

In short, the Port will continue to abide by a conservative policy for assessing need, but will now conform to City practice when confronting spending trade-offs, and will only program funds for seismic needs as defined by capital planning convention, i.e., required by code.

Over the next 10 years, that need totals just over \$500 million³.

³ This number excludes Pier 70, where the costs for seismic work are rolled into "full rehabilitation" estimates, where seismic-only costs cannot be separated out.

New Allocation Strategy for Port Capital Funds

One of the biggest changes from prior plans has been the reshaping of the Port's process for allocating Port-generated capital funds. Whereas in prior years the processes for establishing the capital budget and planning expenditures for the 10-Year Capital Plan were distinct, this Plan considered them together through a single process for the first time.

Similar to the Port's first 10-Year Capital Plan published in 2006, the process began with a series of meetings with designated representatives from each of the Port's seven Divisions -- the Capital Projects Working Group ("CP Group") -- to come up with new evaluation criteria for capital projects. Through these meetings Port staff came to consensus on the appropriate weight of each criterion, such that the CP Group could allocate a total score to each project following review.

These first set of "evaluation" criteria address public safety and the Port's mission, as set out in the Burton Act and Transfer Agreement of 1969. These were scored in increments of five points, up to the maximum specific to each criterion, as follows:

<u>Review Criterion</u>	<u>Maximum Score</u>
Does the project address a code or regulatory issue?	20
Does the project significantly reduce liability to the Port?	15
Does the project promote commerce, navigation or fisheries?	10
Does the project attract people to the waterfront?	10
Does the project protect natural or cultural resources?	10

The review process also made use of two complimentary ways of scoring capital projects that would bring in additional revenue and/or reduce operating costs, the first intended to capture the efficiency of the investment, the second, the scale of the financial impact:

What is the pay back period, if 10 years or less?	10
What is the total 10-year financial benefit to the Port?	20

Where a project would pay for itself in 10 years, that project was scored by subtracting the payback period, in years, from 11. For example, a project with a pay back period of three years would score 8 points in this category.

To determine the score assigned for the 10-year financial benefit, the CP Group took the real benefits, as recorded in dollars, and then considered the distribution of all the values returned for projects at the end of the review process. The results were a rather even distribution, which made appropriate a simple method of scaling, where a project received 1 point for every \$500,000 worth of benefit within the 10-year Plan. For example, a \$4 million project that would generate \$1 million per year in new revenues would score 12 points in this category $[(\$10 \text{ million} - \$4 \text{ million}) / \$500,000]$.

Port staff chose 10 years as a cutoff for consideration of projects that would offset their costs with increased revenues largely because the scope of this Plan is one of 10 years. Independently, however, the CP Group considered any notion of a pay back period beyond 10 years to be too speculative to consider among the merits of any given project.

Finally, Port staff reviewed all projects to determine if they fell into one or more of the four major categories listed below. The CP Group determined that a project belonging to one of these groups was worthy of separate consideration either before or after other projects, depending on the category.

Prioritization Category

- Is the project required to address an emergency, defined as an immediate threat to human health or the environment?
- Is the project legally mandated by a regulatory order or legal judgment?
- Is the project substantially matched by outside funding sources?

De-prioritization Category

- Is the project non-revenue generating and does it have less than 25% in outside matching funds?

To program the Port's capital funds over the first five years of this Plan, the CP Group proceeded methodically through projects, ranked in order of highest scoring to lowest scoring, category by category, in this order: 1) emergency projects, 2) legally mandated projects, 3) substantially leveraged projects, 4) all other projects not placed in one of the categories above, and 5) non-revenue generating, unleveraged projects.

The CP Group presented the results of this process to the Port Executive Director, who concurred with the results, to be forwarded to the Port Commission.

Also a result of this new process, this Plan uses a reorganized Funding and Expenditure Plan. In prior iterations of this document, the Port carried overall need from year to year, showing a large continuing balance. While this gives an accurate picture of the constant and persistent nature of the Port's capital need, it prevented the simple balancing of funding and spending that is typical for more programmed planning documents. This new process ties funding to spending, and matches with the Port's 2-year budget for capital funds, produced in the Port's Finance and Administration Division.

111. Funding and Expenditure Schedule

Port Facilities and Infrastructure

Spending Plan	2012	2013	2014	2015	2016	2017-21	Total
Emergency Facility Reps	50,000,000	100,000	1,000,000	1,000,000	100,000	500,000	5,000,000
ADA	2,000,000	175,000	1,000,000	1,000,000	220,000	500,000	2,125,000
Emerging Needs		100,000	2,000,000	2,000,000			300,000
Dredging	7,000,000	3,250,000	5,000,000	4,500,000	3,700,000	21,100,000	41,000,000
Rebar Replacement	2,000,000	3,575,000	3,000,000	7,000,000	2,700,000		45,000,000
Americas Gateway Projects	22,000,000	22,000,000	3,000,000				45,000,000
Americas Gateway Projects	33,000,000	33,000,000	3,000,000				45,000,000
Repair and Replace Structural	20,000,000	25,500,000	35,000,000	12,500,000	11,500,000	350,000,000	20,000,000
Enhancements	35,000,000	1,500,000	7,000,000				15,000,000
Enhancements	35,000,000	1,500,000	7,000,000				15,000,000
Spending Total	217,205,900	100,130,975	43,550,000	12,500,000	11,550,000	337,450,000	772,440,875
Funding Sources	2012	2013	2014	2015	2016	2017-21	Total
Port Capital Budget	1,000,000	5,500,000	5,000,000	6,500,000	2,500,000	42,700,000	25,400,000
US Department of Defense	5,000,000						5,000,000
US Army Corps of Engineers	7,000,000						25,000,000
FEWA	2,000,000						2,000,000
BAE Systems	500,000						500,000
2008 GIG Park Bonds		1,500,000	7,000,000				15,000,000
SFRUC Assisted Public Financing	5,000,000	5,000,000	5,000,000	5,000,000	2,500,000	15,000,000	34,000,000
Exposition Development Project	14,000,000			1,000,000			15,000,000
Port Revenue Bonds	5,000,000						42,000,000
Port Tenant Improvements							75,000,000
ED Bonds							23,500,000
Americas Gateway Authority		33,000,000					33,000,000
Total Funding	217,205,900	80,130,975	43,550,000	12,500,000	11,550,000	337,450,000	752,440,875
Balance							20,000,000

Additional Funding Sources Sought			
US Army Corps of Engineers	\$ 200,000		\$ 200,000
US Department of Defense			
US Department of Transportation			
201-150 Park Drive			
500 Historic Preservation Bldg.			
Community Assessment District			
- BACE - WETA 2014			
Total Additional Funding Sought	\$ 200,000	\$ 20,000,000	\$ 20,200,000

Just over \$1 billion, or roughly half the overall need identified in the Port's 10-Year Capital Plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the \$772 million the Port proposes to fund in the 10-Year Capital Plan, approximately \$621 million is allocated to renewal and repair (accompanied by seismic upgrades, where triggered by other work), reducing the Port's overall need from \$2.17 billion to 1.55 billion, with the remaining \$151 million allocated to capital enhancements projects.

The Portwide Annual Programs that are funded on a continuing basis in the Port's annual capital budgets include (1) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free, (2) completing renovations in keeping with the Americans with Disabilities Act, and (3) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic.

Other spending plan items include (4) emerging needs, where planning and design of projects are funded in order to position them for non-Port sources of construction funds, (5) capital enhancements, where new assets are being constructed or where development of a facility includes rehabilitation far beyond return to current use, and (6) America's Cup Event Authority ("ACEA") projects, as discussed in detail below.

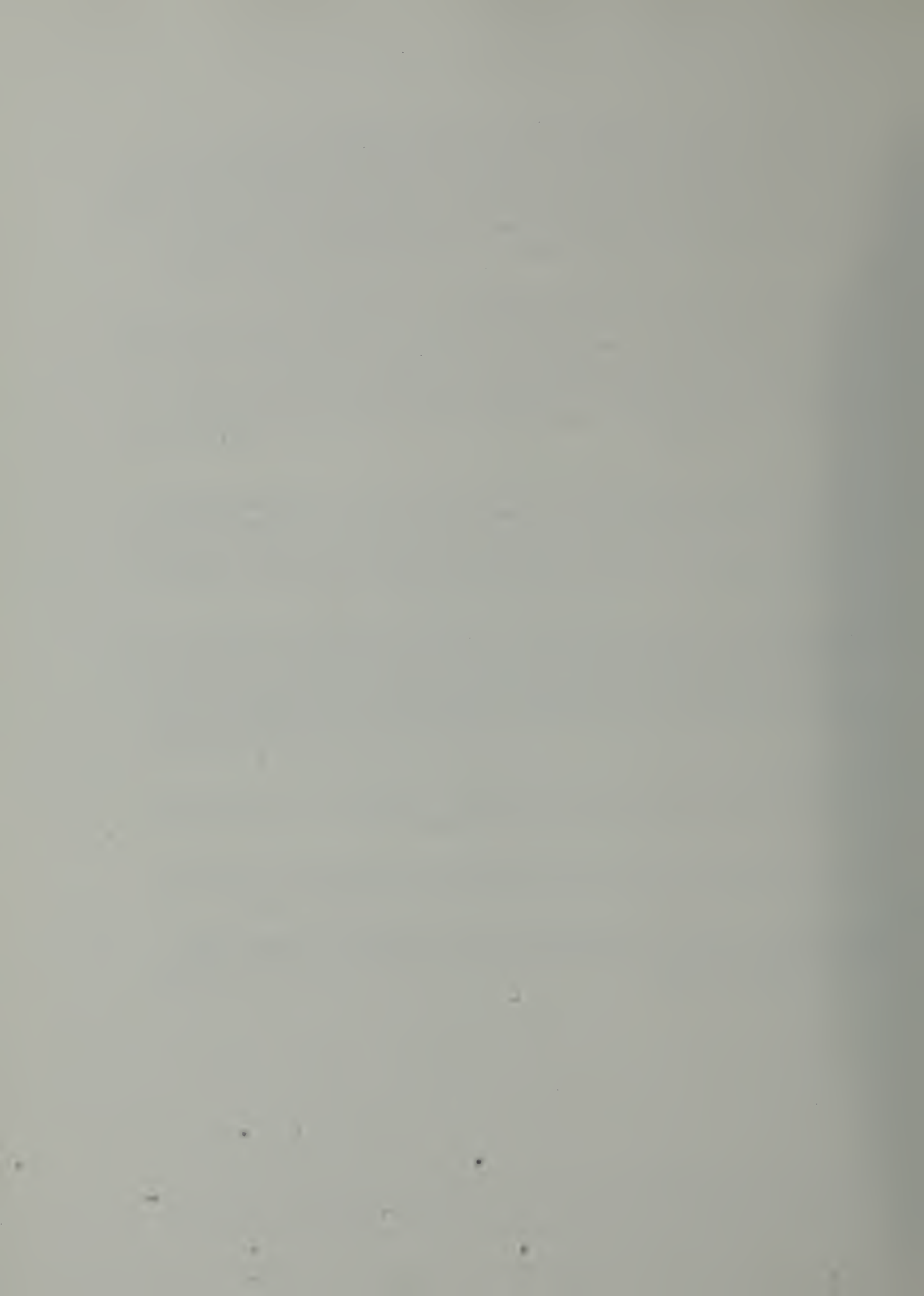
Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year¹. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For discussion pertaining to the estimated \$20 million shortfall in FY 2013, please see discussion of the Pier 27 Cruise Terminal project on page 18.

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2012 dollars, and are not escalated to the anticipated project date.

¹ The level of need is calculated based on the scheduled replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pier substructures to meet its needs every 20 years.



IV. Plan of Finance

Port staff proposes -- and the Port Commission will eventually make decisions regarding -- a financing plan that will fund \$772 million over the ten years of this Plan. These financing tools consist of \$55 million from the ACEA, \$40 million in Port Revenue Bonds, \$231.5 million in Infrastructure Finance District (IFD) Bonds, \$18.6 million in 2008 General Obligation Bonds, \$34 million financed with the assistance of the Public Utilities Commission, over \$40 million from a variety of federal funding sources, funds from the Port's operating budget, and private funds from Port tenant obligations and proposed development partners.

The proposed \$772 million in funding over the next ten years is \$122 million more than the \$650 million proposed in last year's 10-year Capital Plan. This difference is primarily due to new sources of funding from the America's Cup Event Authority and through the Port's SFPUC-assisted public financing needed to address under pier utility infrastructure needs.

34th America's Cup

While much activity has taken place over the last year, the visible and impactful change for the Port in 2010 was the selection of San Francisco to host the 34th America's Cup in 2013. The HVA among the City, the ACEA and the San Francisco America's Cup Organizing Committee calls for use of eight piers (Piers 30-32, 28, 26, 19, 23, 27 & 29) and the approximately two-acre Seawall Lot 330 for Event-related activities, starting in 2012, subject to the City's successful completion of analysis required pursuant to the California Environmental Quality Act ("CEQA"). As described later in this report, the HVA requires substantial improvements to Port property by 2013 and will likely alter the Port's long-term debt strategy.

The HVA requires both the City and the ACEA to make improvements to Port property in anticipation of the 34th America's Cup in 2013. The ACEA is required to make \$55 million in expenditures to improve Port property prior to the Match in 2013. On February 9, 2011, the San Francisco Planning Department published the Notice of Preparation ("NOP") of an Environmental Impact Report ("EIR") for the 34th America's Cup venue sites.

The NOP includes the following project descriptions for uses of Port facilities for the Event (with upgrades necessary for these improvements included in the NOP):

Piers 27-29, and Pier 29 1/2: America's Cup Village, which may draw approximately 25,000-50,000 visitors per day, including up to 600 workers. Access to Pier 27-29, both vehicular and pedestrian, would be controlled. Temporary uses and related improvements for AC Village would include: Food and beverage, and hospitality in the Pier 27 terminal building, Outdoor amphitheater and event seating; VIP hospitality area; Boat display area; AC34 interactive displays; Children's area; Sponsor display

areas; Food and beverage vendors; Retail, exhibition and merchandising area; and Pier 29¹ - Event staging back of house.

Piers 30-32: Improvements to provide up to 10 team bases, for boat working and maintenance, deliveries, storage and ancillary team parking, and controlled public access. Temporary uses and related improvements proposed to support AC34 events at Pier 30-32 would include: Temporary structures including areas for boat lift, boat maintenance, boat storage, offices, and support spaces; Boat lifts for lifting racing yachts in and out of the water; Team hospitality; 850 linear feet of temporary floating boat slips on both the south and north face of Piers 30-32 with retaining pilings and gangways from pier deck. The floating docks would be anchored using piles, gravity anchors or screw anchors; Controlled public access to active boat launch and work areas on the pier to protect public safety.

Piers 26 and 28: Uses would include storage, parking, and regatta and team operations. Either Pier 26 or Pier 28 could be dedicated exclusively to parking use for workers of team support staff working at Piers 30-32, and signage and traffic management improvements necessary to minimize vehicle/pedestrian conflicts along Herb Caen Way.

Other important areas included in the NOP are: Pier 80, for ancillary use as team support; the Pier 32-36 open water basin, for temporary racing yacht mooring; Brannan Street Wharf, for race viewing; SWL 330, for temporary use for parking, and; Piers 19, 19 ¹/₂, and 23, for event media, logistical support, and storage uses.

Subject to completing CEQA review and certifying a final EIR, the HVA requires the Port and the ACEA to make the following improvements to Port property:

Section 6.1: If the Agreements between the City and the ACEA contemplated by the HVA are entered into by the City and the ACEA, the Port will:

- Work with the U.S. Army Corps of Engineers to demolish and remove Pier 36 by no later than January 1, 2013;
- Complete the Brannan Street Wharf by no later than June 30, 2013;
- Relocate and or store the shoreside power installation for Pier 27 with funds (up to \$2 million) provided by the ACEA; and
- Provide Pier 27 for team hospitality berths without compromising the Port's cruise terminal operating requirements by January 1, 2012.

Section 6.2: Under the applicable Venue Lease, the ACEA will perform:

- All pile replacements, substructure strengthening and deck repairs on Piers 30-32 necessary for the Event;

- Consistent with Secretary of the Interior's Standards for the Treatment of Historic Properties, demolition of any portions of Pier 29 and Pier 27 for the Event (including the removal of the existing shed on Pier 27) for the Port's Pier 27 cruise terminal project as agreed by the Port and the Authority;
- Upon 60 days' notice from the City, payment to the City in an amount equal to the lesser of the actual cost of relocating and/or storing the shoreside power installation for Pier 27 or \$2 million; and
- At the ACEA's discretion: (i) pile replacements, substructure strengthening, deck repairs, or superstructure strengthening or other improvements to prepare the waterfront for the Event on any Short-Term Venue or other Port property, subject to Port approval; and (ii) any cash contribution made to the City to complete the Pier 27 cruise terminal or the adjacent Northeast Wharf Plaza.

Under Pier Utility Infrastructure

This year's Plan provides much greater detail about the Port's utility infrastructure needs than prior iterations. Prompted by a series of potable water leaks into San Francisco Bay and with direction from the San Francisco Bay Regional Water Quality Control Board, Port staff members have initiated an aggressive program of under-pier inspections. The Port is coordinating this effort with the assistance of its sister agencies, the Department of Public Works ("DPW") and the San Francisco Public Utilities Commission ("SFPUC"). The purpose of the ongoing inspection program is to ascertain the general condition of the sewer and water infrastructure under the Port's piers, and to generate cost estimates for repairs, upgrades and replacements.

Preliminary results of this inspection program, as of February 10, 2011, indicate a total need of approximately \$40 million. While the inspection phase of the program is complete, the analysis of field data, which will ultimately generate final cost estimates, is only 33 percent complete.

The Port continues to partner with the SFPUC to explore low-cost public financing alternatives to address critical water and wastewater needs at the Port. This includes the Auxiliary Water Supply System, improvements for which are to be funded through the recent voter-approved Earthquake Safety & Emergency Response General Obligation Bond program. For other piers, temporary utility rate increases will provide the basis for public financing that will allow immediate investment in troubled facilities. The SFPUC will coordinate with the Port to conduct rate increase sensitivity analyses in order to make determinations about the level of funding this method of financing will support within the first few years of the Port's 10-Year Capital Plan.

Where needed repair work is not eligible for funding via rate increases (or is too expensive to be supported by rate increases), the Port is exploring options with the SFPUC regarding grant or other funding.

Additionally, some structures identified in the Under Pier Utility Inspection Program are anticipated to become the focus of development opportunities in which the developer would assume the obligations to undertake necessary repairs and replacements. Furthermore, some of the Port's tenants are obligated under the terms of their lease agreements to maintain the infrastructure on their leaseholds. Finally, for some piers, the Port has no plans for long-term capital investment. Under these circumstances the Port will make ongoing short-term investments to match the expected life of the facilities.

To be responsive to the increased activity that will result from the 34th America's Cup, this Plan assumes an expenditure of \$5 million over each of the first two years, with limited repair activity during the event. The first two years of the work would focus on utility infrastructure investment at those facilities that are expected to experience the most race-related spectator and employee activity. These facilities would require the most immediate, preventative attention in order to mitigate risk posed by increased loading on the utility systems from proposed activities. For example, as a keystone to the 34th America's Cup, Pier 27 would experience greatly increased traffic and would be prioritized for repairs in the first year of this Plan.

During the race itself in 2013, work will be restricted to facilities in the Port's southern waterfront so as to not disrupt the event. After the 34th America's Cup activity concludes, the Port will regularize its repair schedule, with a leveled expenditure estimated at \$3 million annually, and proceed until all work is complete.⁵

Infrastructure Financing District Revenues

In prior iterations of this Plan (issued prior to sharp increases in market volatility in 2008), the Port had identified \$140 million in IFD tax increment bond proceeds from development at Pier 70 and SWL 337. Pier 70 was identified as the likely recipient of 90% of anticipated IFD funding. The specific areas identified at Pier 70 included general infrastructure, environmental remediation, open space development, pier and wharf repairs, and the Union Ironworks Building. The remaining \$20 million was tentatively identified for investment at Islais Creek and in the Blue Greenway.

Looking toward current plans for development of the Port's SWL 337, the developer's proposal anticipates a phased multi-year project with horizontal development costs of approximately \$125 million and vertical development costs of approximately \$1.5 billion. About 25% of this investment, or approximately \$400 million worth, is expected to occur within the 10-year scope of this Plan.

⁵ Should the America's Cup return to San Francisco after the 34th Cup, this schedule would be modified to ensure construction activities do not interfere with race events in future years.

While Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2021, the Plan does not assign SWL 337's projected \$65 million in tax increment debt proceeds to specific uses.

While the SWL 351 development will ultimately yield the Port a new \$17.5 million open space, the expected result from development negotiations will allow for tax increment to be based off of the larger \$400 million development project. Based on the term sheet with San Francisco Waterfront Partners approved by the Port Commission, the SWL 351 project will include creation of an Infrastructure Financing District that is expected to generate \$20 million in tax increment debt proceeds available to fund Port Capital needs. As with SWL 337, this Plan reflects continuing uncertainty of the real estate market, and these potential IFD funds are not programmed in the first five years of the Plan.

Pursuant to Port Commission direction, Port staff has started the process of implementing the Pier 70 Master Plan, starting with the issuance of a Request for Qualifications for a developer for the 20 acre Waterfront Site. The passage of AB 1199 (Assemblymember Tom Ammiano) reduces the Pier 70 finance gap estimated in early 2010 of \$46 million by \$13 million. Due to the development timeline for Pier 70, the Plan only assumes that a portion of Pier 70 expenditures will occur by 2021.

Major Revenue Bond Funded Projects, Current and Proposed

- **Pier 27 Cruise Terminal Project** - On September 27, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendation to relocate the Port's primary cruise terminal from Pier 35 to Pier 27. On December 14, 2010, the Port Commission selected design option B2 for the Pier 27 Cruise Terminal. That option contemplates a total project budget of \$114,100,000. The Port has \$30,100,000 of funding in hand from the Series 2010 Revenue Bonds, the Watermark Sales Proceeds and deferred land sales proceeds and plans additional Port funding of \$16.75 million. The project budget anticipates \$45,792,381 in non-Port sources, including City funding, ACEA shed removal funds, security grant funding, and City General Obligation bond funding to complete the Northeast Wharf Plaza at Pier 27. There is a current project shortfall of \$21.5 million.
- **Wharf J9 Repairs:** The Port needs to replace the Wharf J-9 seawall that is required to continue the use of the adjoining leased facilities for which the Port proposes to allocate \$5 million in revenue bonds.
- **Pier 48:** The roof at Pier 48 is deteriorating with weather penetration taking place over certain parts of the shed, which has lead to small amounts of dry rot. Good revenue streams and expected future development of the adjacent SWL 337 make this a valuable asset to the Port. The timely replacement of roofs has a strong preventative benefit, further making Pier 48 a good candidate for investment of revenue bond monies. Renewal of roof elements at Pier 48 are currently

scheduled for FY 2014, though this could change based on how development proceeds at SWL 337.

- **Piers 19 and 23:** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are currently without any long-term leases. The Series 2010 revenue bonds include \$3.5 million to repair the Pier 19 roof to enable continued interim leasing of that facility. The Pier 19 bulkhead is also a potential location to co-locate emergency response facilities which could include a marine fire station, marine police units, and other agency facilities. The Series 2010 revenue bonds also include \$2 million in design funding for further improvements to either Pier 19 or Pier 23.

Port staff envisions a mixed use development project at either Pier 19 or Pier 23, subject to approval by the Port Commission, the Mayor, and the Board of Supervisors. Staff projects that the cost of a mixed use, adaptive reuse project at either Pier 19 or Pier 23 would be \$85 million, based on certified costs to construct Pier 1 and construction cost inflation since Pier 1 opened. This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses, consistent with a proposed interim leasing policy for Port historic structures pending Port Commission consideration. Other funding for the Pier 19 or Pier 23 project would include funding from lease revenues, IFD revenues, federal historic tax credits, and private equity.

- **Pier 35 Cruise Terminal** – To continue the Port’s cruise business, which currently consists of approximately 45-65 cruise calls per year, the Port of San Francisco requires at least two cruise berths. Pier 35 is currently the Port’s primary cruise terminal and will continue in service after Pier 27 re-opens. In 2009, Port engineers conducted a facility assessment of Pier 35 and found that urgent repairs are needed to the pier superstructure to keep the facility open. Thus, the Port allocated \$5.5 million of the Series 2010 revenue bonds to fund immediate facility repairs. Additional substructure repair and seismic improvements are required to keep the facility operational.
- **Pier 90-94 Backlands:** The Port’s largest unleased area of Port property is the Pier 90-94 Backlands, an area of unengineered fill not suitable for commercial buildings without the inclusion of costly pile supported foundations. The Series 2010 revenue bonds include \$8 million in funding for new road and utilities to support new leasing plots that are planned for the site. DPW staff is currently developing construction documents. Port staff expects the design will be completed by the end of 2011, and the project will be advertised for bids sometime in spring of 2012. Construction is expected to be completed by the end of 2012.

General Obligation Bond Projects

In February 2008 San Francisco voters approved a \$185 million General Obligation bond for park and open space improvements throughout the City, of which \$33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port General Obligation Bond projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2010, using \$3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. On February 9, 2010 the Port Commission authorized the issuance of the second sale for the 2008 GO Bond projects. The second sale was for \$10.7 million for the Pier 43 Bay Trail Link, Blue Greenway and the Bayfront Park shoreline projects. A third issuance for \$11.6 million is planned for in March 2011 for the final phase of the Pier 43 Bay Trail Link and portions of the Brannan Street Wharf and Blue Greenway projects. Port staff members anticipate a fourth and final issuance of \$7 million in FY 2012 that will fund the final phase of the Blue Greenway projects.

Because the liability has not yet been removed from the capital needs side of the ledger, the 10-year Capital Plan includes the full balance of \$33.5 million in cost for these projects.

Total 2008 G.O. Bond Park Funding Allocated to Port Projects

<u>Port Area</u>	<u>Proposed Park</u>	<u>Project</u>	<u>G.O. Bond Funding</u>
Fisherman's Wharf	Pier 43½ Park	Pier 43½	\$9,000,000
South Beach	Brannan Street Wharf Park	Brannan St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,500,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron's Head Park Entrance		
		Total:	\$33,500,000

As a part of the reporting requirements for this Bond, Port staff post updates on each of these projects every month, which may be found here: <http://parkbonds.sfgov.org> 2008. Additionally, Port staff members, together with Department of Recreation and Parks staff members, report more comprehensively on a quarterly basis to the City's General Obligation Bond Oversight Committee. These reports are also available on the reporting website noted above.

Three of the Port's General Obligation Bond parks, Pier 43 ½ Park, Bayfront Park, and Brannan Street Wharf, are scheduled to go to construction in the first year of this Plan, FY 2012. Pier 43 ½ and Bayfront Park should be complete prior to the start of FY 2013; Brannan Street Wharf is scheduled for completion in June of 2013.

Potential Future General Obligation Bonds

2014 General Obligation Bond for Port Parks: Port staff is in conversation with the City's Capital Planning Committee ("CPC") and Recreation and Parks staff regarding a potential move of the planning horizon for the next GO Bond for Parks from 2014 to 2012 or 2013. The Port's funding needs for waterfront parks in the next issuance will likely exceed the \$33.5 million incorporated in the 2008 Clean and Safe Neighborhood Parks Bond; Port staff anticipates the need for \$50 million in park projects. Subject to completing review required pursuant to CEQA, Port staff projects a need for \$15 million to complete the Northeast Wharf Plaza after the 34th America's Cup Event is concluded and additional funding to complete planned improvements for the Blue-Greenway in the Port's Southern Waterfront.

Historic Structure Rehabilitation Bonds: One option that Port staff suggests exploring is a general obligation bond to fund a portion of seismic upgrade and other rehabilitation costs for City-owned historic structures, including those listed on, or eligible for listing on, the National Register of Historic Places. The Port and several other City departments, including the Municipal Transportation Agency and the Department of Recreation and Parks, own such historic resources. Each department faces significant challenges in assembling the public and private resources necessary to save its historic structures. The Port would look to such a bond for funding to save the iconic Union Ironworks Building at Pier 70, as well as to renovate the historic Pier 19 or 23 and Agriculture Building.

Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Pier 15-17 development project began construction in November 2010. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-Year Capital Plan, and so their costs are not included below:

- **Piers 15-17:** The Port has executed a Lease Disposition and Development Agreement and long-term Lease with The Exploratorium to renovate Piers 15-17 and relocate The Exploratorium museum there from its current location at the Palace of Fine Arts. The Exploratorium will lease Pier 15 and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at

Green Street. The final development budget submitted before commencing construction in November 2010 is \$205 million funded by The Exploratorium.

- **SWL 337:** Following extensive public input and a Request for Qualifications phase, the Port Commission awarded a Request for Proposals for the development of an approximately 16 acre site immediately south of AT&T Park. The selected development team, SWL 337 Associates, LLC, proposes an urban mix of uses which may include office, rental residential and retail plus more than 5 acres of open space. The developer has stated order of magnitude project costs at \$1 billion with total infrastructure costs estimated at approximately \$200 million. The Port and development team have entered into an Exclusive Negotiation Agreement (“ENA”) specifying the obligations of each party. The ENA contemplates commencing public outreach to shape the development program in 2011 and the securing of entitlements in 2012 and 2013.
- **SWL 351:** In 2008, the Port sought development proposals for a two-thirds of an acre site at the Embarcadero and Washington Streets along the Ferry Building Waterfront that is currently used as a surface parking lot. In February 2009, the Port Commission authorized exclusive negotiations with San Francisco Waterfront Partners to combine the site with the adjacent tennis club property for a 3 acre mixed use project with a rebuilt recreation club, condominiums, restaurants, retail and a new public park. The project proposal was refined in part through a public planning process led by the City’s Planning Department – The Northeast Embarcadero Study was completed in July 2010. A Term Sheet outlining the refined project and financial terms was approved by the Port Commission in September 2010 and is awaiting Board of Supervisors approval.
- **Pier 70:** Following an extensive public planning process, the Port published its Master Plan for the Pier 70 area in April 2010. The Master Plan balances ship repair activities, new waterfront parks, rehabilitated historic buildings, and new development opportunities over the 69-acre area. The Master Plan includes policies to guide historic preservation, new development, open space and public access, and transportation and parking. On May 11, 2010, the Port Commission authorized two development offerings to implement the Master Plan. This first offering is for the Waterfront Site, 25 acres at the southeast corner of the Pier 70 area, with capacity for 2.5 million square feet of new development and 260,000 square feet in rehabilitated historic buildings. The Port intends for the Waterfront Site’s rent and tax revenues to contribute to the Port’s investment in parks, infrastructure, and historic buildings for the entire Pier 70 area. The second is a Request for Interest in the 20th Street Historic Buildings – extraordinary buildings that date back as far as the 1880s and are in need of substantial investment.

On January 10, 2011, the Port received six responses to the Waterfront Site RFQ and anticipates selecting a developer and entering into a development agreement by the end of 2011. The Port will work with this developer and developers identified from the Historic Buildings Request for Interest process to fashion

projects that achieve the Pier 70 Master Plan vision. Paramount in realizing the renaissance of Pier 70 will be an innovative public private partnership including land-based financing, tax increment and other techniques to achieve the public benefits of historic preservation, new parks, and economic development opportunities.

SB 815 New Revenues

In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337 is the first development affected by the new legislation. The additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, \$65 million in municipal bonds. The projected revenue bond monies of \$65 million arising from the proposed development at Seawall Lot 337 are constrained to uses permitted by SB 815 (Senator Carole Migden). These bond proceeds are assigned to historic rehabilitation projects likely to occur later than 2017, as follows:

- ***Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. The Port proposes to allocate \$5 million in SWL 337 revenue bonds to help cover repairs and seismic upgrades.
- ***Northeast Waterfront Piers - Piers 9 and 33:*** Located in the Northeast Waterfront area, Piers 9 and 33 currently are leased to numerous different tenants. Port staff members recommend Piers 9 and 33 to be the recipient of some of these revenue bond funds, which will go toward seismic upgrades and long-deferred repairs in order to maintain the existing revenue generation of these piers.
- ***Pier 50:*** Located in the Central Waterfront in China Basin, on Ferry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility and is home to other major maritime tenants. The estimated capital need over the next 10 years totals \$50 million; the Port proposes to allocate \$20 million in revenue bond funds to seismically upgrade and repair the areas of the pier's substructure in the worse condition.

Federal Funding

In the first five years of this Plan, the Port will, for the first time, begin drawing down substantial federal funding to complete its projects. While in the past the Port has been fortunate enough to win federal grant funding from time to time, the coming funding is both larger in scale and from sources that appear to be ongoing in nature. Year one of this Plan programs \$10.8 million in federal funding with a very high degree of certainty. Beyond year one, changing rules for congressionally directed spending (“earmarks”) make future appropriations against the Port’s federal funding vehicles less certain.

As of the writing of this Plan, Congress has just begun operating under a two-year moratorium on congressionally directed spending. However, because this moratorium has a differential impact across funding sources—in particular, the budget for the Army Corps is more affected than others—there is a great deal of speculation that the definition of “earmark” may be revised in the coming months. If Congress does undertake any easing of these restrictions, the probability of the Port receiving additional federal funding in the first half of this Plan will greatly increase.

United States Army Corps of Engineers

In 2006, Port staff, working with Mayor Gavin Newsom’s Office, successfully petitioned the office of House of Representatives Speaker Nancy Pelosi to carry a new federal authorization for a number of the Port’s facilities. The legislative vehicle for this authorization is the Water Resources Development Act of 2007 (WRDA 07). Section 5051 of that legislation authorizes the Army Corps, in cooperation with the Port of San Francisco, to seek appropriation of \$25 million for “...repair and removal, as appropriate, of Piers 30-32, 35, 36, 70 (including Wharves 7 and 8), and 80 in San Francisco, California, substantially in accordance with the Port’s redevelopment plan.” All funding from this source requires a 2:1 match from the Port. The Port has traditionally been the only City department with projects eligible for funding from the Army Corps.

- **WRDA 07, Pier 36** – The first appropriation the Port sought under the WRDA 07 authority was for funding to remove Pier 36, in preparation of the construction of the Brannan Street Wharf Project. This appropriation was passed into law in early 2010, and the Port supplied the necessary matching funds to the Army Corps in September 2010 using previously appropriated Port capital funds. The Army Corps anticipates entering into a construction contract for removal of Pier 36 in the fall of 2011, which is why the \$4.8 million in Federal funding for this project is recorded in year one of this Plan.
- **WRDA 07, Piers 35 and 70** – Following requests from Port staff, Speaker Pelosi’s office agreed to carry an appropriation request for repairs to the Port’s Pier 35 cruise terminal, and for removal of wharves 7 and 8 at Pier 70. Through the committee process, the amount listed in proposed law was reduced to \$5 million for repairs to Pier 35 only. The appropriations bill

containing that funding expired, and as things stand today, there is no expectation that the Port will be able to appropriate this or any other funding authorized under WRDA 07 in the next few years.

- ***Continuing Authorities Program Section 107 (CAP107), Central Basin Dredging*** – The Central Basin is the approach to the Pier 70 Shipyard's primary drydock facility. Dredging of this approach is critical to operations of the shipyard. While the drydock itself is the largest privately operated repair facility of its kind on the west coast of the Americas, the increasingly restrictive siltation in the Central Basin is limiting the number and type of vessels that can access it. In September 2009, the Port requested dredging assistance from the Army Corps under CAP107. Through this program the Army Corps will provide \$3 million in Federal funding, which is 75 percent of the cost of the dredge project. The Port and its shipyard tenant, BAE systems, will split the required \$1 million match. Once the initial dredge of the Central Basin is complete, the Army Corps will assume responsibility for ongoing maintenance dredging of that site with the same cost sharing arrangement.
- ***River and Harbor Act of 1950, Seawall Study*** – The River and Harbor Act is the authorizing vehicle that preceded biennial WRDA authorizations. Like succeeding WRDAs, this law authorizes appropriations for particular projects. In this case a broad authority allows the Port to request funding through the Army Corps budget for \$100,000 to initiate a study of the San Francisco seawall. Once this study is complete, Port staff would be in a position to request authorization for funding to repair or reconstruct the seawall, based on the results of the Army Corps study. Appropriations would then follow for actual construction. Given the current political climate, it is impossible to predict when these various legislative vehicles will move forward; for that reason, repairs to the seawall are very roughly estimated to order of magnitude, and are placed out at the very end of this Plan.
- ***WRDA 2014, Seawall Repair and Derelict Piling Removal*** – Though WRDA legislation is intended to be biennial, as a matter of practice, these new authorizations are passed in to law much less frequency. As the separation between the last two WRDA authorizations was seven years, this Plan assumes the same, and predicts there will be a WRDA 2014. Based on discussions in 2009 of a possible WRDA 2010, Port staff submitted to House of Representatives Speaker Nancy Pelosi and Senators Barbara Boxer and Dianne Feinstein language to amend the Port's existing WRDA 07 authorization to increase the amount of funding authorized, and to make eligible appropriations for seawall construction or repair and removal of derelict pilings. This amendment language will be resubmitted when there are calls for a new WRDA.

United States Department of Defense

As noted earlier, new rules governing congressionally directed spending may prevent the Port from seeking new DOD funding in the coming years, particularly in years two and three of this Plan. That said, any relaxation of the new restrictions is likely to impact the Department of Defense budget, which is largely project-specific. Port staff members are hopeful that these changes are coming, but this Plan does not program any funding in the first five years of this Plan.

- ***Demolition of Drydock #1*** – Working through House Speaker Nancy Pelosi's Office, Port staff wrote, and Congress passed into law a \$3 million appropriation for remediation and demolition of Drydock #1. The Department of Defense engaged the salvage arm of the United States Navy to administer the funding, who in turn, contracted with Titan Salvage to do the work. Titan will use these funds to prepare, secure and move Drydock #1 to the northern end of Pier 80 (also known as the old Western Pacific yard), and to prepare the site for the breaking of the drydock. The Port will then expend Port capital funds to complete the remediation and dismantling work.
- ***Pier 70 Investigation, Hazardous Materials Abatement*** – In 2010, Port staff requested, and House Speaker Nancy Pelosi agreed to carry, an appropriation request for \$3 million to continue the investigation and abatement project at Pier 70 started in 2009. Conversations between Port and Department of Defense staff left Port staff optimistic that this source of funding would be viable for the multi-year abatement effort. The new appropriation rules have changed that, however. Conservatively assuming no loosening of restrictions on congressionally directed spending in the near term, this year's Plan programs additional spending for this project out to years FY2016-2021.

United States Department of Transportation

Looking toward emerging sources of federal funding, the Port has been included in the City's request for inclusion in the next major transportation reauthorization act. Whether or not the Port's entry ultimately becomes part of the new authorization and is funded, the scale of the potential benefit makes it worth noting. The Port could see funding from this source ranging from \$15-30 million. The candidate projects are:

- ***Cargo Way***: a ¼ of a mile roadway in the southeast section of San Francisco that is a primary access route serving a number of active development and redevelopment projects. The City has developed a plan to rebuild the roadway that would address a number of project goals, including providing direct access to support the Candlestick Hunters Point Shipyard Redevelopment Area, supporting the Port of San Francisco's maritime eco-industrial park, closing a gap and providing safe pedestrian and bicycle facilities along the Bay area's nine-county Bay Trail and the City's Blue Greenway, and improving Bay water quality by reducing a significant amount of waste water being sent to the City's over-

capacity Southeast Water Treatment Facility. In addition, this project is included in the San Francisco Bi-County Transportation projects and the Bayview Transportation Improvements projects.

- ***20th Street Extension:*** 20th Street within the Historic Pier 70 Area is the primary access route serving one of the City's most important historic districts. The existing 20th Street requires upgrading to accommodate modern transportation and infrastructure. This is needed in order to extend and connect the area into the regional transportation system, providing a connection to a planned 20th Street Ferry Terminal and closing a gap in the 9 county regional Baytrail system. An improved 20th Street will provide the necessary infrastructure to allow for significant new infill development and the adaptive reuse of some the City's most important historic resources.

Federal Grants

Port staff members have been in continuous pursuit of federal grant funding, particularly in the security area, where cyclical, well funded programs offer good opportunities. In January 2011, FEMA made awards for applications submitted during grant years 2007, 2007 Supplemental, 2008, 2009 and 2010. The Port received the largest federal grant award to date, for four separate projects, totaling \$9.4 million. These projects will fund a number of different security improvements over the next three years, with \$7.8 million going to provide comprehensive security improvements to the Pier 27 Cruise Terminal.

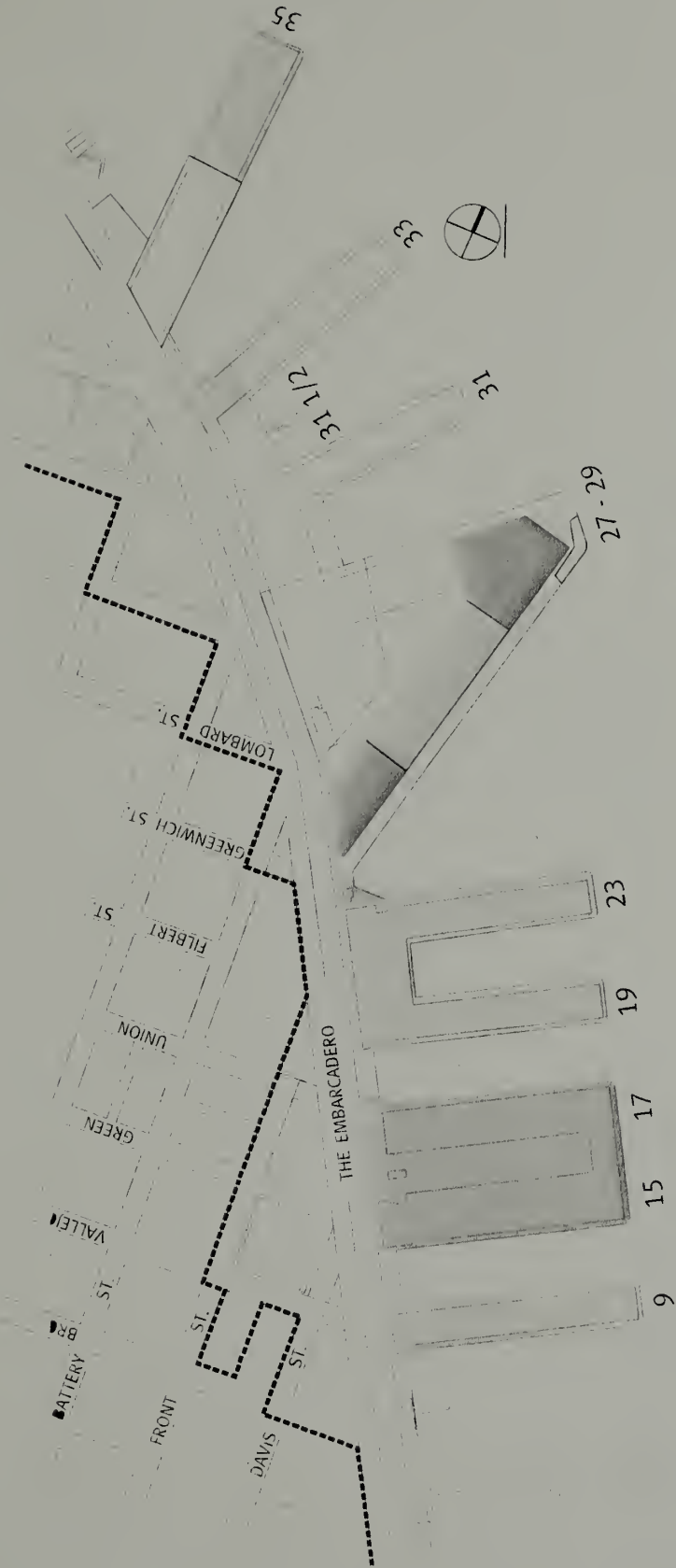
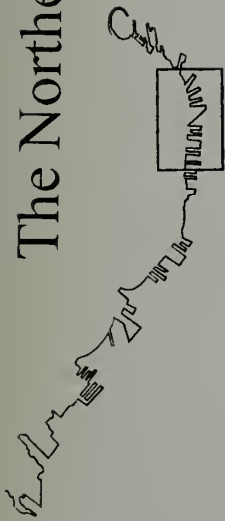
Additionally, Port staff are hopeful that a recent application for \$3 million in funding from the Federal Railway Administration – a grant program for which the Port's candidate project is particularly well suited – will result in a substantial award. This funding would improve reliability and efficiency of rail movement through track and switching upgrades to the Port's primary rail spur, the Quint Street Lead.

Fisherman's Wharf



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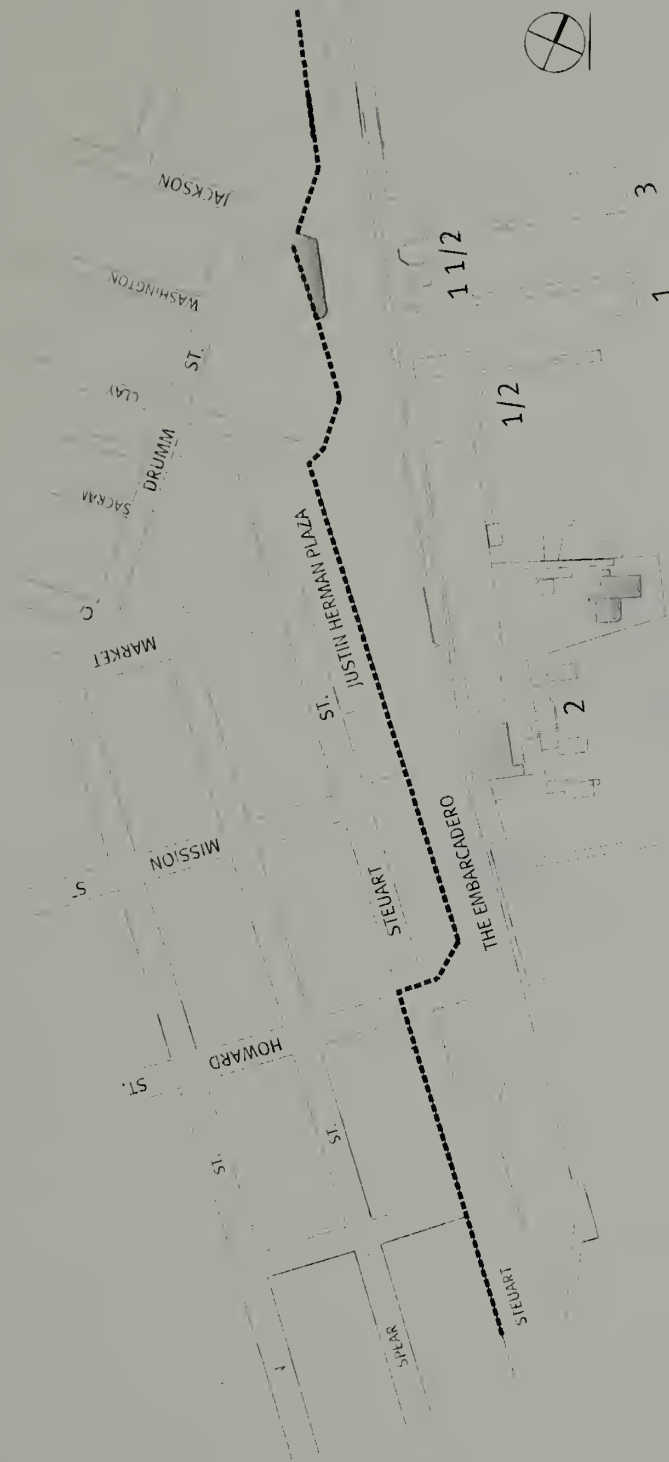
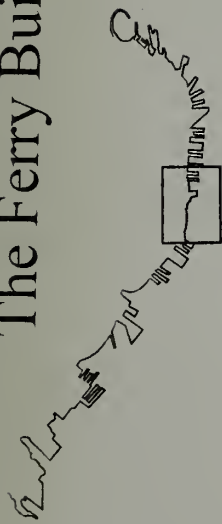
The Northeast Waterfront



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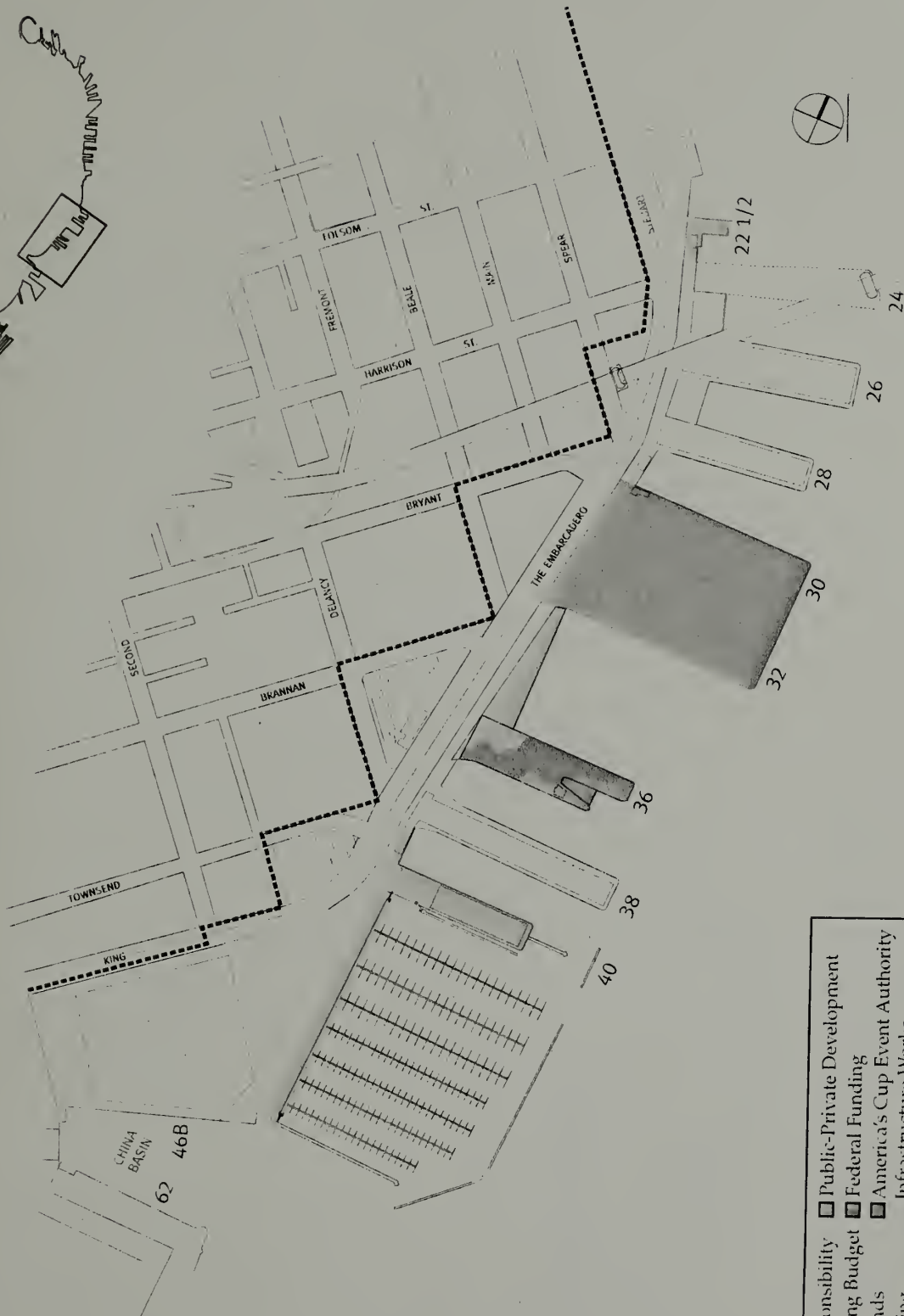
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The Ferry Building Area

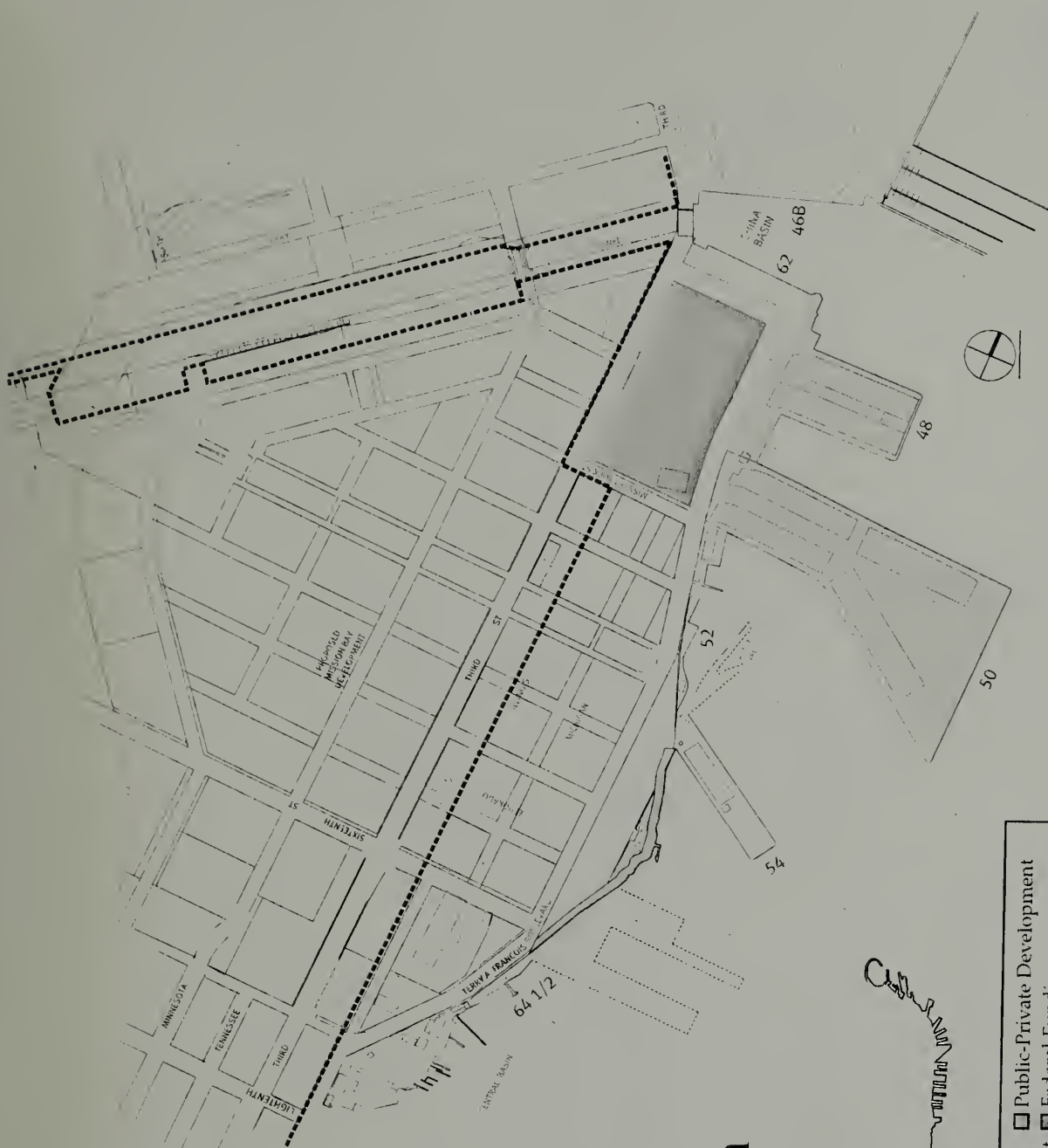


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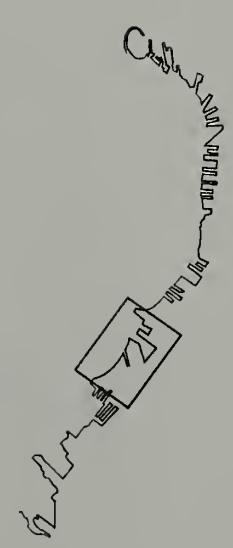
South Beach



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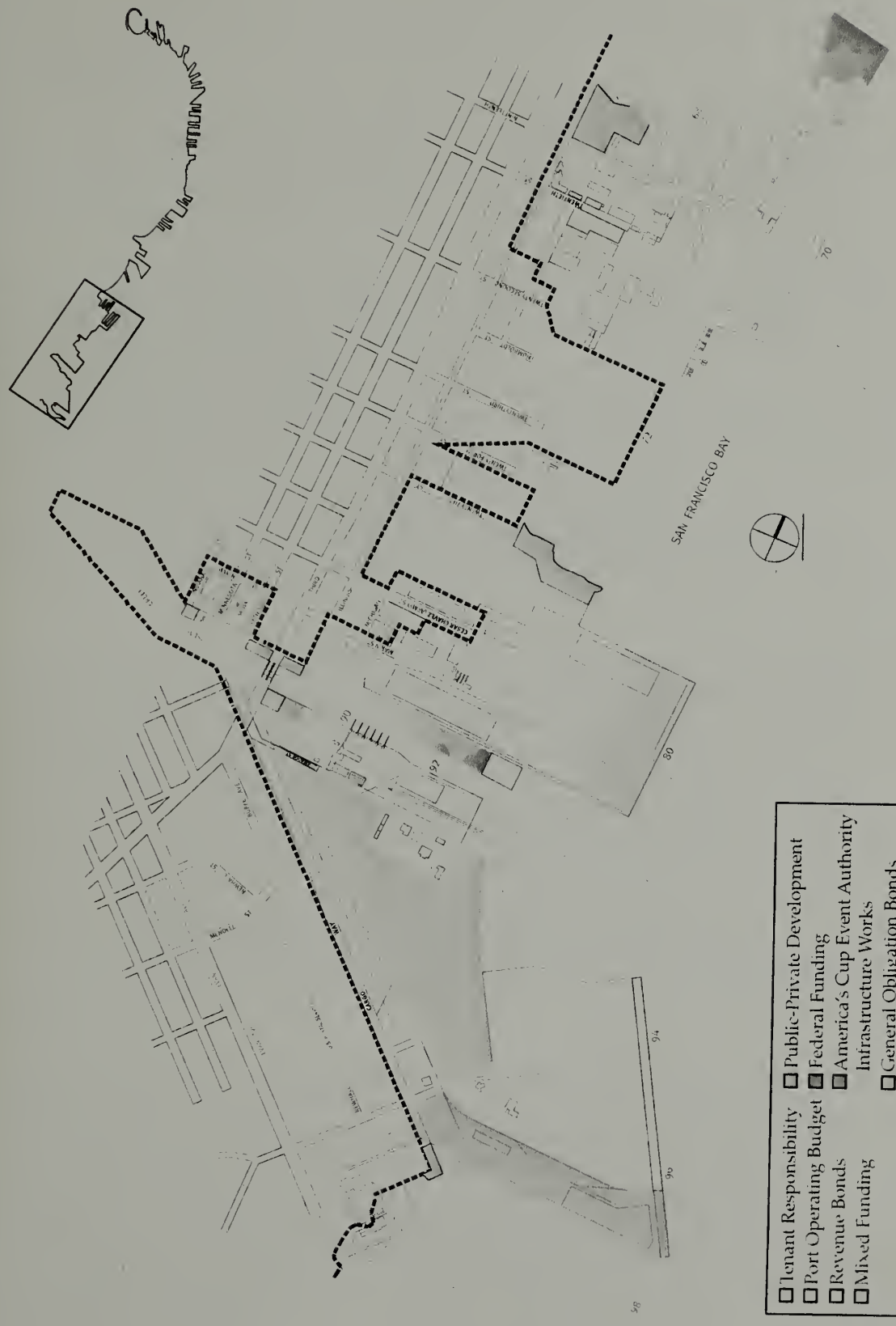


China Basin



- ☐ Tenant Responsibility
- ☐ Port Operating Budget
- ☐ Revenue Bonds
- ☐ Mixed Funding
- ☐ Public-Private Development
- ☐ Federal Funding
- ☐ America's Cup Event Authority Infrastructure Works
- ☐ General Obligation Bonds

The Southern Waterfront



V. Conclusions

The Port's 10-Year Capital Plan continues to evolve since its inception five years ago. The Port has used the information that the Plan generates to develop and implement its legislative and financing strategies to redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront.

Specifically, since the first Plan in 2006, the Port has used this document to guide a total in investment of approximately \$75 million in non-developer funding. The Plan provided a solid framework and confidence-building, holistic view of the Port to interested constituents, as well as to general audiences in the press - something critical to the Port's inclusion in and passage of the 2008 General Obligation Parks Bonds. In this same way, the Plan was integral to the Port's issuance of its revenue bonds, series 2010, as well as to the submittal and award of the City's bid to host the 34th America's Cup. As a road-map, it has enabled stronger application for Federal grant funding, and stronger footing for inclusion in future general obligation bonds. As a demonstration of the growing inadequacy of private equity alone to address the Port's capital infrastructure needs, it served a vital role in supporting legislative changes to the Port's ability to develop Pier 70.

Moving forward to this iteration of the Port's 10-Year Capital Plan, this document has taken on more value as a planning tool than ever before. The new process for evaluating capital projects, conducted concurrently with the capital budgeting process, is viewed widely among Port staff members as an improvement over the prior process, and has resulted in consensus on funding priority that transcends divisional interests. Port staff members also consulted the results of this process when considering selection of projects for the Port's 2012 revenue bond projects, which made that selection straight forward and uncomplicated. Finally, more than any other year, this Plan acts as a showcase of the Port's policy priorities when it comes to investment of scarce resources in critical areas, such as the Port's upcoming under pier utility infrastructure investments, and commitment to investments tied to the 34th America's Cup. As a more rigid planning tool with more emphasis on financial planning, it better suits the Port's institutional needs of FY 2012.

This Plan will continue to evolve, as the long journey ahead of the Port will, from time to time, bring new and unexpected challenges. This iteration of the Plan looks forward to the Port's next new major challenge and opportunity: preparing for the 34th America's Cup. The waterfront has seen a series of transformative events since the Loma Prieta earthquake in 1989: the removal of the Embarcadero Freeway, the Embarcadero Roadway project, the opening of AT&T Ballpark and the world-class Ferry Building rehabilitation project, among others. Port staff is confident that the 34th America's Cup will stand with these other achievements as a major inflection point in the transformation of the San Francisco waterfront.

Success will require new resources and a level of coordination with other City staff not undertaken since the Embarcadero Roadway project. Mayor Edwin Lee has already indicated his commitment to the effort and Port staff is excited to be a member of the team that will deliver the 34th America's Cup in 2013.

In addition to facilitating a successful event with its partner, the America's Cup Event Authority, Port staff will define success based on its ability to deliver a set of waterfront improvements during the period leading up to the 34th America's Cup or immediately after, that meets the public's expectations for an improved waterfront. We are confident that with the help of our City partners, the Port will be able to utilize the combination of public and private resources that will be required to meet that goal.

As the Port staff moves quickly to realize this newly revealed future of the Port of San Francisco, this Plan will simultaneously ensure that we are, at once, protecting our enduring assets.

APPENDIX A

Definitions

Building Type: This is the fundamental structure type, where a 'simple' building is a warehouse or garage structure with limited subsystems, a 'basic' building is a standard commercial structure with appropriate subsystems, 'small' buildings are less than 5,000 square feet (and as such, the method for estimating costs for these structures is simplified), and a 'pier' is a pile supported over-water foundation structure (as distinct from a shed building that sit atop a pier).

Backlog: The accumulation of all overdue needed repair work, as of year one of this Plan.

10 Year Renewals: Costs for replacing building subsystems that will reach the end of their life between year one and year 10 of this Plan.

One Time Costs: Costs that are singular in nature, such as a seismic upgrade, as differentiated from the cyclical costs of replacing building subsystems at the end of their lifetime (e.g., many roofs at the Port are 30-year roofs, and as such, are on a 30-year replacement schedule).

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)						
Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
5470H	Blue Shed Bldg (Wharf J-11)	SIMPLE	\$74	\$0	\$1,405	\$1,479
1840	Copra Crane	BASIC	\$763	\$0	\$0	\$763
1001	Downtown Ferry Terminal	BASIC	\$646	\$0	\$34,412	\$35,058
0000	Equipment	BASIC	\$0	\$0	\$9,073	\$9,073
2740	Fac. 200 - World Trade Club Restaurant	BASIC	\$288	\$1,693	\$752	\$2,733
2000	Fac. 2000 - Ferry Plaza	PIERS	\$539	\$332	\$3,841	\$4,712
2750	Fac. 274-175 - Ferry Building Clock Tower	BASIC	\$0	\$315	\$306	\$621
2750	Fac. 274-275 Ferry Building	BASIC	\$0	\$7,677	\$7,463	\$15,140
2780	Fac. 278 Agriculture Bldg Substructure	PIERS	\$4,823	\$0	\$2,644	\$7,467
2780	Fac. 278 Agriculture Building	BASIC	\$3,211	\$245	\$555	\$4,011
2750	Ferry Building: Fac. 274 - 275	PIERS	\$0	\$0	\$0	\$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	\$3,406	\$9,987	\$27,335	\$40,727
4000	Harbor Office at Hyde Street	SMALL	\$0	\$0	\$512	\$512
1980	Hérons Head Park	BASIC	\$171	\$0	\$192	\$363
2500	Hyde Street Pier	PIERS	\$0	\$0	\$0	\$0
2500	Hyde Street Pier - Storage Buildings (3)	SMALL	\$0	\$0	\$0	\$0
000	Leased Piers	Port Wide	\$0	\$39,701	\$0	\$39,701
1010	Pier 1	PIERS	\$0	\$75	\$0	\$75
1010	Pier 1 - Office Building	BASIC	\$0	\$2,962	\$0	\$2,962
1015	Pier 1 1/2	PIERS	\$0	\$0	\$0	\$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	BASIC	\$0	\$239	\$0	\$239
1005	Pier 1/2	PIERS	\$744	\$0	\$2,060	\$2,804
1140	Pier 14 (Public Pier)	PIERS	\$0	\$0	\$0	\$0
1150	Pier 15	PIERS	\$15,215	\$0	\$14,121	\$29,336
1150	Pier 15 - Bulkhead/Shed Building (contains trailer)	SIMPLE	\$2,756	\$508	\$3,487	\$6,751

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
1155	Pier 15/17 - Office on Marginal Wharf	SMALL	\$0	\$0	\$0	\$0
1155	Pier 15/17 Valley - demolition	PIERS	\$8,106	\$0	\$0	\$8,106
1170	Pier 17	PIERS	\$7,311	\$0	\$9,668	\$16,979
1170	Pier 17 - Shed Building	SIMPLE	\$2,850	\$667	\$2,926	\$6,444
1175	Pier 17 1/2	PIERS	\$1,321	\$0	\$434	\$1,755
1190	Pier 19	PIERS	\$8,075	\$0	\$8,686	\$16,761
1190	Pier 19 - Bulkhead/Shed Building	SIMPLE	\$1,755	\$152	\$2,452	\$4,359
1195	Pier 19 1/2	PIERS	\$4,732	\$0	\$2,594	\$7,326
1195	Pier 19 1/2 - Bulkhead/Shed	SIMPLE	\$571	\$70	\$1,097	\$1,738
1020	Pier 2	PIERS	\$3,940	\$0	\$1,880	\$5,820
2770	Pier 2 - Sinbads	BASIC	\$374	\$347	\$159	\$879
1225	Pier 22 1/2	PIERS	\$2,112	\$8	\$914	\$3,034
1225	Pier 22 1/2 - Fire Station	BASIC	\$531	\$77	\$124	\$732
1225	Pier 22 1/2 - Maintenance / Recreation	SMALL	\$0	\$0	\$0	\$0
1230	Pier 23	PIERS	\$5,622	\$0	\$9,248	\$14,870
1230	Pier 23 - Bulkhead/Shed Building	SIMPLE	\$1,467	\$574	\$2,514	\$4,555
1235	Pier 23 1/2	PIERS	\$2,610	\$0	\$429	\$3,039
1235	Pier 23 1/2 Pier 23 Cafe	SMALL	\$0	\$0	\$0	\$0
1245	Pier 24 1/2	PIERS	\$4,018	\$0	\$3,149	\$7,167
1245	Pier 24 1/2 -Bulkhead/Shed Building	SIMPLE	\$550	\$0	\$701	\$1,251
1260	Pier 26	PIERS	\$13,737	\$0	\$31,360	\$45,097
1260	Pier 26 - Bulkhead/Shed	SIMPLE	\$1,910	\$1,027	\$3,221	\$6,159
1265	Pier 26 1/2	PIERS	\$3,027	\$0	\$2,441	\$5,468
1265	Pier 26.5 - Bulkhead	BASIC	\$1,660	\$1,133	\$0	\$2,792
1270	Pier 27	PIERS	\$461	\$398	\$40,523	\$41,382
1270	Pier 27 - Office Annex	SMALL	\$500	\$0	\$0	\$500
2275	Pier 27 - Office/Admin Building	BASIC	\$894	\$187	\$306	\$1,387
1270	Pier 27 Shed Building	SIMPLE	\$2,808	\$2,277	\$2,548	\$7,633
1280	Pier 28	PIERS	\$8,823	\$0	\$21,185	\$30,008
1280	Pier 28 - Bulkhead/Shed Building	SIMPLE	\$1,848	\$469	\$1,928	\$4,245
1285	Pier 28 1/2	PIERS	\$601	\$0	\$330	\$931
1285	Pier 28 1/2 - Hivive Restaurant	SMALL	\$0	\$184	\$0	\$184
1290	Pier 29	PIERS	\$16,138	\$0	\$16,826	\$32,964
1290	Pier 29 - Bulkhead/Shed Building	SIMPLE	\$4,199	\$251	\$3,883	\$8,334
1295	Pier 29 1/2	PIERS	\$0	\$0	\$0	\$0
1295	Pier 29 1/2 - Bulkhead Building	SIMPLE	\$1,283	\$85	\$1,316	\$2,684
1030	Pier 3	PIERS	\$7,211	\$0	\$5,579	\$12,790
1030	Pier 3 - Bulkhead/Shed Building	BASIC	\$0	\$387	\$0	\$387
1320	Pier 30 and 32	PIERS	\$23,022	\$251	\$55,789	\$79,061
1310	Pier 31	PIERS	\$10,405	\$0	\$14,811	\$25,216
1310	Pier 31 - Bulkhead/Shed Building	SIMPLE	\$2,676	\$1,231	\$2,383	\$6,289
1315	Pier 31 1/2	PIERS	\$3,262	\$0	\$2,682	\$5,944
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	PIERS	\$0	\$0	\$29,000	\$29,000
1330	Pier 33	PIERS	\$5,786	\$0	\$9,645	\$15,431
1330	Pier 33 - Bulkhead/Shed Building	SIMPLE	\$1,748	\$1,342	\$2,229	\$5,319
1335	Pier 33 1/2	PIERS	\$0	\$0	\$421	\$421
1335	Pier 33 1/2 - Bulkhead Building	BASIC	\$1,497	\$97	\$0	\$1,594

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
1345	Pier 34 1/2 Marginal Wharf	PIERS	\$0	\$0	\$0	\$0
1350	Pier 35 - Bulkhead/Shed Building	BASIC	\$3,277	\$12,927	\$4,570	\$20,775
1355	Pier 35 1/2	PIERS	\$0	\$0	\$4,596	\$4,596
1350	Pier 35 Cruise Terminal	PIERS	\$13,340	\$233	\$15,690	\$29,262
1360	Pier 36 (to be demolished)	PIERS	\$123	\$0	\$7,000	\$7,123
1360	Pier 36 - Bulkhead Building, Shed	SIMPLE	\$937	\$0	\$0	\$937
1380	Pier 38	PIERS	\$31,996	\$0	\$14,406	\$46,402
1380	Pier 38 - Bulkhead/Shed Building	SIMPLE	\$270	\$1,396	\$2,781	\$4,447
1385	Pier 38 1/2	PIERS	\$558	\$0	\$459	\$1,017
1390	Pier 39	PIERS	\$0	\$0	\$0	\$0
1390	Pier 39 - Retail Shops	BASIC	\$3,690	\$10,884	\$6,550	\$21,124
1390	Pier 39 - Underwater World	BASIC	\$266	\$727	\$0	\$993
1395	Pier 39 1/2 Marginal Wharf	PIERS	\$0	\$0	\$0	\$0
1400	Pier 40	PIERS	\$18,782	\$0	\$9,262	\$28,044
1400	Pier 40 - Shed Building	SIMPLE	\$233	\$156	\$1,151	\$1,541
1405	Pier 40 1/2 (S Beach Harbor Wharf)	PIERS	\$2,466	\$0	\$405	\$2,871
1405	Pier 40 1/2 - Java House	SMALL	\$0	\$0	\$0	\$0
1400	Pier 40 Restaurant & Robert Steck Chandelery	BASIC	\$47	\$181	\$200	\$428
1410	Pier 41	PIERS	\$0	\$0	\$2,872	\$2,872
1415	Pier 41 1/2	PIERS	\$0	\$0	\$0	\$0
1415	Pier 41 1/2 - Blue&Gold Bldg.	BASIC	\$0	\$663	\$370	\$1,033
1430	Pier 43	PIERS	\$99	\$0	\$269	\$368
1430	Pier 43 - Arch	SMALL	\$0	\$211	\$0	\$211
1435	Pier 43 1/2	PIERS	\$1,949	\$0	\$13,861	\$15,810
1435	Pier 43 1/2 - Franciscan Restaurant	BASIC	\$561	\$595	\$358	\$1,514
1435	Pier 43 1/2 - Red & White Tours	SMALL	\$0	\$0	\$0	\$0
1450	Pier 45	PIERS	\$1,277	\$2,222	\$154	\$3,653
1450	Pier 45 - Shed A	SIMPLE	\$454	\$1,226	\$2,327	\$4,008
1450	Pier 45 - Shed B	SIMPLE	\$457	\$1,233	\$1,824	\$3,514
1450	Pier 45 - Shed C	SIMPLE	\$706	\$323	\$4,953	\$5,982
1450	Pier 45 - Shed D	SIMPLE	\$466	\$1,114	\$1,648	\$3,228
1461	Pier 46B China Basin Ferry Terminal	PIERS	\$815	\$0	\$9,058	\$9,873
1470	Pier 47 - Guardinos Storage Bldg	SMALL	\$0	\$54	\$0	\$54
1470	Pier 47 - Scoma / Fish Prep Bldg	SMALL	\$0	\$50	\$0	\$50
1470	Pier 47 - Scoma Storage Bldg	SMALL	\$0	\$88	\$0	\$88
1470	Pier 47 - Scomas Restaurant	BASIC	\$329	\$1,039	\$311	\$1,679
1470	Pier 47 - Scomas Storage Shed	SMALL	\$0	\$19	\$0	\$19
1470	Pier 47 - Wharf J6, J7, J8	PIERS	\$1,794	\$727	\$3,884	\$6,405
1470	Pier 47 WF Albert Seafoods Proc Bldg	SIMPLE	\$122	\$78	\$164	\$364
1480	Pier 48	PIERS	\$7,461	\$1,439	\$1,360	\$10,260
1480	Pier 48 - Shed A	SIMPLE	\$1,531	\$368	\$0	\$1,899
1480	Pier 48 - Shed B	SIMPLE	\$1,573	\$378	\$0	\$1,951
1485	Pier 48 1/2 - Jellys restaurant	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	BASIC	\$0	\$362	\$302	\$664
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	BASIC	\$0	\$563	\$469	\$1,032
1490	Pier 49 - Fishermans Memorial Chapel	SMALL	\$0	\$141	\$0	\$141
1490	Pier 49 - Guardinos (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	BASIC	\$0	\$220	\$179	\$399
1490	Pier 49 - The Crab Station (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	SMALL	\$0	\$0	\$0	\$0
1050	Pier 5	PIERS	\$0	\$0	\$0	\$0
1055	Pier 5 1.2 - Bulkhead Building	BASIC	\$0	\$284	\$0	\$284
1500	Pier 50	PIERS	\$27,370	\$1,679	\$17,733	\$46,782
1500	Pier 50 - Shed A	SIMPLE	\$2,021	\$325	\$1,864	\$4,209
1500	Pier 50 - Shed B	SIMPLE	\$1,049	\$1,050	\$1,890	\$3,989
1500	Pier 50 - Shed C	SIMPLE	\$1,263	\$1,388	\$2,270	\$4,920
1500	Pier 50 - Shed D	SIMPLE	\$1,214	\$878	\$2,903	\$4,995
1505	Pier 50 1.2	PIERS	\$0	\$0	\$334	\$334
2505	Pier 50 Administration Building	BASIC	\$1,625	\$557	\$487	\$2,669
1520	Pier 52	PIERS	\$0	\$0	\$3,841	\$3,841
1540	Pier 54	PIERS	\$29,099	\$0	\$11,531	\$40,630
1540	Pier 54 - Office Bldg	SMALL	\$471	\$0	\$0	\$471
1540	Pier 54 - Oil Shed	SMALL	\$112	\$0	\$0	\$112
1540	Pier 54 - Shed Building	SIMPLE	\$369	\$84	\$616	\$1,068
1540	Pier 54 - Storage Shed	SMALL	\$0	\$37	\$0	\$37
1600	Pier 60 - Wharf - wood piles	PIERS	\$1,036	\$0	\$448	\$1,484
1600	Pier 60 - Wharf Carmens Restaurant	SMALL	\$122	\$0	\$0	\$122
1640	Pier 64	PIERS	\$2,561	\$0	\$1,661	\$4,222
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	BASIC	\$0	\$173	\$0	\$173
1680	Pier 68	PIERS	\$6,737	\$36,672	\$24,465	\$67,874
1075	Pier 7 - The Waterfront Restaurant	BASIC	\$271	\$220	\$152	\$643
1075	Pier 7 1/2	PIERS	\$0	\$0	\$0	\$0
1070	Pier 7 Public Pier	PIERS	\$0	\$0	\$0	\$0
1700	Pier 70	PIERS	\$47,098	\$0	\$67,390	\$114,488
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	SMALL	\$85	\$0	\$0	\$85
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	SMALL	\$0	\$660	\$0	\$660
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	SMALL	\$0	\$262	\$205	\$467
1680	Pier 70 - Pier 68 - Building #149	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	SIMPLE	\$744	\$0	\$5,701	\$6,445
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	SMALL	\$0	\$0	\$167	\$167
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	SMALL	\$0	\$0	\$81	\$81
1680	Pier 70 - Pier 68 - Equipment Building #36	SIMPLE	\$271	\$69	\$2,324	\$2,664
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	SIMPLE	\$458	\$41	\$3,746	\$4,246
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	SMALL	\$56	\$0	\$0	\$56
1680	Pier 70 - Pier 68 - Office Bldg (#127)	SMALL	\$0	\$0	\$0	\$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	BASIC	\$1 330	\$0	\$295	\$1 625
1680	Pier 70 - Pier 68 - Office Building #101	BASIC	\$5.598	\$554	\$26,068	\$32 220
1680	Pier 70 - Pier 68 - Office Building #104	BASIC	\$3,886	\$0	\$17 668	\$21 554
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg. - Bldg #111	BASIC	\$5,442	\$1,231	\$9,950	\$16 623
1680	Pier 70 - Pier 68 - Ops Bldg #102	BASIC	\$762	\$162	\$848	\$1 772
1680	Pier 70 - Pier 68 - Pipe Rack. Bldg. #120	SMALL	\$0	\$0	\$43	\$43

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	SMALL	\$0	\$203	\$0	\$203
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	SIMPLE	\$1,075	\$874	\$478	\$2,427
1680	Pier 70 - Pier 68 - Shipwright Building -#108	BASIC	\$5,499	\$229	\$10,156	\$15,885
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	SMALL	\$0	\$87	\$0	\$87
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	SMALL	\$0	\$0	\$133	\$133
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	SMALL	\$282	\$0	\$956	\$1,238
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	SMALL	\$0	\$203	\$74	\$277
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	SIMPLE	\$86	\$118	\$23	\$227
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	SMALL	\$553	\$0	\$723	\$1,276
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	SMALL	\$203	\$0	\$0	\$203
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	SIMPLE	\$0	\$0	\$1,584	\$1,584
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	SMALL	\$282	\$0	\$0	\$282
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	SIMPLE	\$179	\$0	\$1,057	\$1,236
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	SIMPLE	\$253	\$0	\$1,177	\$1,430
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	SIMPLE	\$327	\$0	\$1,449	\$1,776
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	SMALL	\$483	\$0	\$672	\$1,155
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	SMALL	\$0	\$210	\$51	\$261
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	SMALL	\$521	\$0	\$798	\$1,319
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	SIMPLE	\$491	\$0	\$5,238	\$5,729
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	SIMPLE	\$491	\$0	\$5,238	\$5,729
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	SMALL	\$613	\$0	\$239	\$852
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	SIMPLE	\$245	\$0	\$2,388	\$2,633
3490	Pier 70 - SWL 349 Building #6 (condemned)	SIMPLE	\$1,050	\$0	\$6,510	\$7,560
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	SIMPLE	\$440	\$0	\$5,020	\$5,460
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	SIMPLE	\$2,347	\$0	\$27,648	\$29,995
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	BASIC	\$3,597	\$473	\$7,722	\$11,792
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	SIMPLE	\$616	\$194	\$9,770	\$10,580
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	SIMPLE	\$228	\$0	\$3,455	\$3,683
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	BASIC	\$7,551	\$0	\$16,389	\$23,940
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	SIMPLE	\$624	\$0	\$552	\$1,176
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	SIMPLE	\$2,377	\$0	\$19,014	\$21,391
1800	Pier 80	PIERS	\$8,540	\$2,497	\$57,686	\$68,723
1800	Pier 80 - Entry Canopy	SIMPLE	\$229	\$0	\$276	\$505
1800	Pier 80 - Gear & Maintenance Building	SIMPLE	\$920	\$206	\$976	\$2,102
1800	Pier 80 - Office Bldg #2	SMALL	\$0	\$99	\$0	\$99
1800	Pier 80 - Service Building	SIMPLE	\$1,141	\$1,198	\$775	\$3,114
1800	Pier 80 - Shed A	SIMPLE	\$3,870	\$1,896	\$21,868	\$27,634
1800	Pier 80 - Shed D	SIMPLE	\$2,799	\$1,191	\$4,229	\$8,218
1800	Pier 80 - Terminal Office	SMALL	\$250	\$0	\$0	\$250
2800	Pier 80 Administration Building	BASIC	\$2,396	\$2,681	\$1,964	\$7,040
1800	Pier 80 Office Bldg #1	SMALL	\$0	\$99	\$0	\$99
1090	Pier 9	PIERS	\$10,963	\$0	\$9,010	\$19,973
1095	Pier 9 1/2	PIERS	\$711	\$0	\$584	\$1,295

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
1090	Pier 9 Bulkhead, Shed Building	BASIC	\$8,150	\$3,015	\$3,216	\$14,381
1900	Pier 90	PIERS	\$9,985	\$0	\$0	\$9,985
1900	Pier 90 - Fire Department Building	BASIC	\$69	\$46	\$156	\$272
1900	Pier 90 - Maintenance Bldg	SMALL	\$0	\$89	\$0	\$89
1900	Pier 90 - Old Powerhouse	SMALL	\$0	\$0	\$0	\$0
1900	Pier 90 - Storage Bldg	SMALL	\$0	\$33	\$0	\$33
1900	Pier 90 - Truck Pits	SMALL	\$0	\$92	\$0	\$92
1920	Pier 92	PIERS	\$3,814	\$0	\$0	\$3,814
1940	Pier 94 - 96 wharf area	PIERS	\$4,749	\$0	\$14,177	\$18,926
1940	Pier 94 - Wharfside Building	SMALL	\$0	\$0	\$0	\$0
1960	Pier 96 - Administration Building	BASIC	\$564	\$790	\$389	\$1,744
1960	Pier 96 - Bounty Restaurant	BASIC	\$744	\$108	\$147	\$998
1960	Pier 96 - Entry Canopy	SIMPLE	\$176	\$0	\$250	\$426
1960	Pier 96 - Exit Canopy	SIMPLE	\$105	\$19	\$148	\$272
1960	Pier 96 - Gatehouse Bldg	SMALL	\$0	\$204	\$0	\$204
1960	Pier 96 - Maintenance Building	BASIC	\$1,311	\$697	\$758	\$2,766
1960	Pier 96 - Office/Restroom	SMALL	\$0	\$121	\$0	\$121
1960	Pier 96 - Recycling/LASH Terminal	SIMPLE	\$2,234	\$4,533	\$4,665	\$11,432
1960	Pier 96 - Storage	SMALL	\$0	\$135	\$0	\$135
1960	Pier 96 - Truck Scales	SMALL	\$0	\$35	\$0	\$35
0000	Port-wide Projects	Port Wide	\$0	\$260,660	\$107,748	\$368,408
4036	Street - 20th east of Illinois	Street	\$407	\$0	\$0	\$407
4038	Street - 24th from Michigan to Maryland	Street	\$567	\$0	\$507	\$1,074
4043	Street - Amador and extension	Street	\$1,801	\$0	\$15,981	\$17,782
4022	Street - Broadway btw Embarcadero & Vallejo	Street	\$448	\$0	\$64	\$512
4008	Street - Embarcadero from Taylor to Powell	Street	\$0	\$0	\$0	\$0
4020	Street - Green between Davis and Front	Street	\$149	\$0	\$0	\$149
3030	Street - Hyde Alley, Fish Alley	Street	\$263	\$0	\$192	\$455
4001	Street - Hyde N of Jefferson to Hyde St Pier	Street	\$213	\$0	\$0	\$213
4004	Street - Jefferson btw Jones and Leavenworth	Street	\$111	\$0	\$0	\$111
4002	Street - Jefferson from Leavenworth to Hyde	Street	\$115	\$0	\$859	\$974
4017	Street - Lombard btw Sansome and Embarcadero	Street	\$159	\$0	\$0	\$159
4040	Street - Marin east of Michigan	Street	\$149	\$0	\$512	\$661
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	\$355	\$0	\$0	\$355
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferso	Street	\$131	\$0	\$0	\$131
4033	Street - T. Francois along China Basin	Street	\$447	\$0	\$0	\$447
4034	Street - T. Francois btw China Basin and Mission R	Street	\$4,674	\$0	\$0	\$4,674
4006	Street - Taylor Street btw. Jefferson and Embarcadero	Street	\$271	\$0	\$256	\$527
4041	Street - TN, IN, MN btw Tulare and Marin	Street	\$781	\$0	\$0	\$781
3010	SWL 301 - Andre Boudin Pavilion	SMALL	\$0	\$0	\$1,536	\$1,536
3010	SWL 301 - Andre Boudin Restaurant	BASIC	\$0	\$141	\$0	\$141
3020	SWL 302 - Alioto Fish Co.	BASIC	\$0	\$463	\$396	\$859
3020	SWL 302 - Castagnola Storage Bldg	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 - Crab Boat Owners Asso.	BASIC	\$344	\$0	\$68	\$412
3020	SWL 302 - Firewood Cafe	BASIC	\$0	\$117	\$100	\$217
3020	SWL 302 - Pompeis Grotto	BASIC	\$0	\$276	\$103	\$379

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	One Time Costs	Total
3020	SWL 302 - Port Harbor Office	SMALL	\$0	\$54	\$0	\$54
3020	SWL 302 - Scomas (Smoke House)	BASIC	\$0	\$68	\$120	\$188
3020	SWL 302 - United Shellfish Warehouse	SMALL	\$0	\$163	\$0	\$163
3030	SWL 302 Cal Shell Fish Shed	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 Castagnola Rest.	BASIC	\$0	\$443	\$370	\$813
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	SIMPLE	\$0	\$184	\$523	\$707
3020	SWL 302 Costal Marine Retail Space	SMALL	\$0	\$0	\$0	\$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	SMALL	\$0	\$519	\$0	\$519
3020	SWL 302 Franks Fisherman Supply	BASIC	\$86	\$251	\$205	\$543
3020	SWL 302 Substructure (Wharf J-9)	PIERS	\$4,619	\$344	\$1,749	\$6,712
3020	SWL 302 United Shellfish Processing	SIMPLE	\$0	\$15	\$43	\$58
3030	SWL 303 - Alioto Fish Co,	BASIC	\$0	\$330	\$184	\$514
3030	SWL 303 - Cal Shell Fish	BASIC	\$0	\$279	\$122	\$401
3030	SWL 303 - Cioppinos/(Hoppe)	BASIC	\$0	\$581	\$286	\$867
3030	SWL 303 - Franceschis Restaurant	BASIC	\$0	\$114	\$92	\$206
3030	SWL 303 - GP Resources	SMALL	\$0	\$29	\$0	\$29
3030	SWL 303 - SP Trantino/Martell Ins	SMALL	\$0	\$0	\$0	\$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	BASIC	\$0	\$256	\$209	\$465
3110	SWL 311 Pier 39 Garage	SIMPLE	\$0	\$768	\$6,058	\$6,826
3130	SWL 313 Embarcadero Triangle Lot Assn.	SIMPLE	\$0	\$607	\$2,872	\$3,479
3150	SWL 315 Office Bulding (HHC Investment limited)	BASIC	\$0	\$4,319	\$3,309	\$7,628
3150	SWL 315 Parking Structure	SIMPLE	\$0	\$509	\$3,849	\$4,358
3160	SWL 316 Houstons Restaurant	BASIC	\$0	\$494	\$315	\$809
3170	SWL 317 Office Building	BASIC	\$0	\$6,991	\$3,631	\$10,622
3180	SWL 318 Roundhouse One	BASIC	\$312	\$785	\$504	\$1,601
3180	SWL 318 Roundhouse Two	BASIC	\$1,265	\$783	\$684	\$2,732
3180	SWL 318 Sandhouse	SMALL	\$0	\$203	\$0	\$203
3190	SWL 319 Fog City Diner	BASIC	\$0	\$298	\$116	\$414
3220	SWL 322 ABC TV	BASIC	\$0	\$9,396	\$4,241	\$13,637
3300	SWL 330 Restaurant and Apts. at Townsend	BASIC	\$0	\$1,775	\$1,875	\$3,650
3310	SWL 331 & 332 Delancey Street Foundation	BASIC	\$0	\$3,982	\$4,101	\$8,083
3430	SWL 343 Bluepeter Building	SIMPLE	\$389	\$39	\$485	\$913
3450	SWL 345 - SF Boat Works Office/Shop	BASIC	\$175	\$251	\$193	\$620
3450	SWL 345 - SF Boat Works Storage/The Ramp	SIMPLE	\$149	\$0	\$160	\$309
3520	SWL 352 - Backlands Redevelopment	BASIC	\$2,338	\$0	\$0	\$2,338
1620	Third Street Bridge House	SMALL	\$0	\$0	\$0	\$0
5470H	Wharf J-11	PIERS	\$417	\$0	\$0	\$417
5470	Wharf J-4	PIERS	\$1,004	\$81	\$0	\$1,085
1490	Wharfs J-1 and J-3 (Pier 49)	PIERS	\$0	\$771	\$2,965	\$3,736
PORT TOTAL			\$554,979	\$480,599	\$1,075,578	\$2,172,602



MEMORANDUM

March 3, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of Consent to Sublease between Blue and Gold Fleet, L.P. and CUSA FL, LLC for a four year term to operate a ticket booth and office space totaling approximately 715 square feet located at Pier 41 on the Embarcadero near the foot of Powell Street.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

The Port of San Francisco ("Port") and Harbor Carriers, Inc., a California corporation (Prior Tenant) entered into Lease No. L-9183 ("Master Lease") as of May 1, 1975. Harbor Carriers Inc. changed its name to Red and White Fleet, Inc. and subsequently assigned its rights under the Master Lease to Blue and Gold Fleet, L.P. ("Tenant"), a Delaware Limited Partnership on June 23, 1997. The Master Lease, as amended, requires the consent of the Port Commission for any sublease by Tenant. Tenant is required to provide specific information to enable the Port to evaluate proposed subleases and prospective subtenants.

PROPOSED SUBLEASE

Recently Tenant has submitted a proposed sublease agreement between Tenant and a prospective subtenant, CUSA FL, LLC., and is seeking the Port Commission's consent to the terms and conditions set forth below.

Subtenant: CUSA FL, LLC, a Delaware Limited Liability Company.

Subleased Premises:

Parcel A: Approximately 404 square feet, known as the Ticket Booth

Parcel B: Approximately 311 square feet, known as the Office Space

This Print Covers Calendar Item No. 8B

Parcel locations, sizes and shapes are shown on Exhibit A attached hereto. Currently, both parcels are occupied by Tenant.

Permitted Use:

Parcel A: Retail sale of tickets for motor vehicle tours, sightseeing bus tours and shuttle service.

Parcel B: Administrative office to support ticket sales.

Term: The term shall commence five (5) days following the effective date of the Port's consent and expire one (1) day short of the expiration date of the Master Lease (March 31, 2015).

Rent: Subtenant shall pay to Tenant minimum monthly rent of \$12,000.00 and percentage rent equal to 18% of the gross receipts each month less the minimum monthly rent during such month.

CEQA

The proposed sublease is for an existing use, so it is exempt from the California Environmental Quality Act ("CEQA") from City Planning Major Environmental Analysis Division.

BCDC Permit

Tenant is in full compliance with the San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76, which has been extended to December 31, 2012 by Amendment No. 10. The proposed sublease does not involve significant improvements and does not affect the existing BCDC permit.

FINANCIAL ANALYSIS

There is no excess rent provision under the Master Lease; Port receives the greater of the minimum monthly rent or a percentage of all gross receipts derived from each calendar month from the Tenant. Currently, Blue and Gold's minimum monthly rent is \$28,961.30 and the rate of the percentage rent varies from 7% to 10% depending upon categories.

Tenant's annualized rent due to Port for year 2010 was approximately \$538,000.00. Except for the months of January, February, March, November and December, Tenant's gross receipts exceeded the minimum monthly rent. The highest percentage rent due to Port was approximately \$67,000.00 for the month of July 2010 and the lowest percentage rent due to Port was \$4,500.00 for the month of April 2010.

Blue and Gold has been a Port tenant for over 13 years and is a Tenant in Good Standing pursuant to Port policy.

CONCLUSION

Port staff has reviewed the proposed sublease, insurance certificates and required specific information, including but not limit to, financial statements, balance sheets, legal ownership, and business and credit references. In conclusion, Port staff believes that the proposed subtenant meets the Master Lease requirements and Port standard practice.

Port staff has drafted the Consent to Sublease and it has been reviewed by the City Attorney's office and signed by Tenant and subtenant. The subtenant shall be bound by all of the terms, covenants, conditions, provision and agreements of the Master Lease.

RECOMMENDATION

Port staff recommends that the Port Commission: adopt the attached Resolution approving (1) consent to the proposed Sublease under Lease No. L-9183; and (2) authorize the Executive Director or her designee to execute said Consent to Sublease.

Prepare by: Vicky Lee
Commercial Property Manager

For: Susan Reynolds
Deputy Director, Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

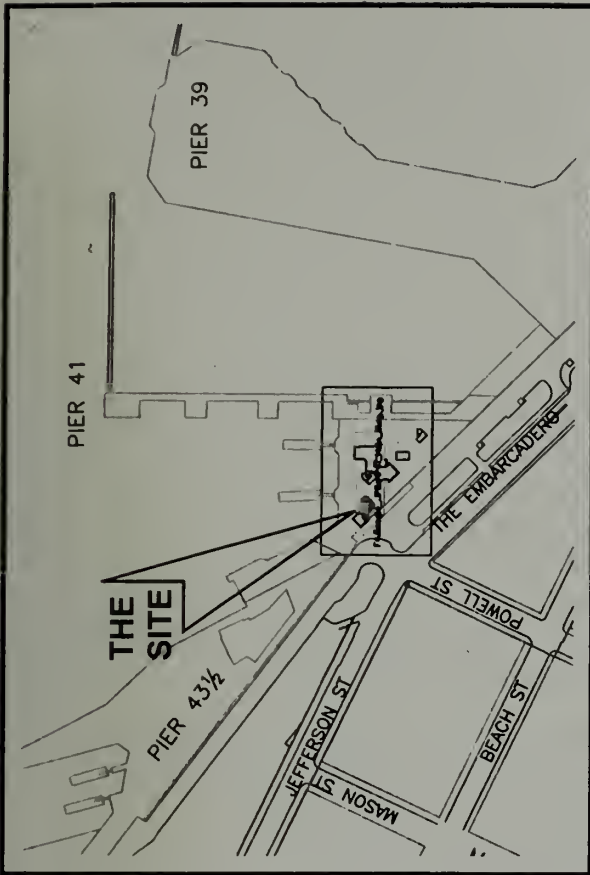
RESOLUTION NO. 11-13

- WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and
- WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, in 1975, the Port executed Lease No. L-9183 for real property at Pier 41, located on the Embarcadero near the foot of Powell Street which Lease is currently held by Blue and Gold Fleet, L.P. as Tenant ("Lease"); and
- WHEREAS, the Lease commenced on May 1, 1975, and terminates on March 31, 2015; and
- WHEREAS, Blue and Gold Fleet, L.P. has proposed to sublet a portion of its interest in the Lease to CUSA FL, LLC; and
- WHEREAS, the Lease subjects any transfer of the Lease including, without limitation, the proposed sublease by Blue and Gold Fleet, L.P. to CUSA FL, LLC to the consent of the Port Commission; and
- WHEREAS, the proposed sublease is exempt from the California Environmental Quality Act ("CEQA") and does not affect the existing San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76 ; and
- WHEREAS, Blue and Gold Fleet, L.P. is a tenant in good standing and CUSA FL, LLC has the financial wherewithal and can otherwise meet the obligations of the Lease; now, therefore, be it
- RESOLVED, that the San Francisco Port Commission hereby consents to the Sublease by Blue and Gold Fleet, L.P. of a portion of Lease No. L-9183 to CUSA FL, LLC on the terms and conditions described in the Memorandum to the Port Commission dated March 3, 2011 and authorizes the Executive Director to execute the Consent documents ("the Consent"); and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Consent that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port and are necessary or advisable to complete the transactions which the Consent contemplates and effectuate the purpose and intent of this Resolution, such action to be conclusively evidenced by the execution and delivery by the Executive Director of the Consent, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 8, 2011.

Secretary



LOCATION PLAN NO SCALE

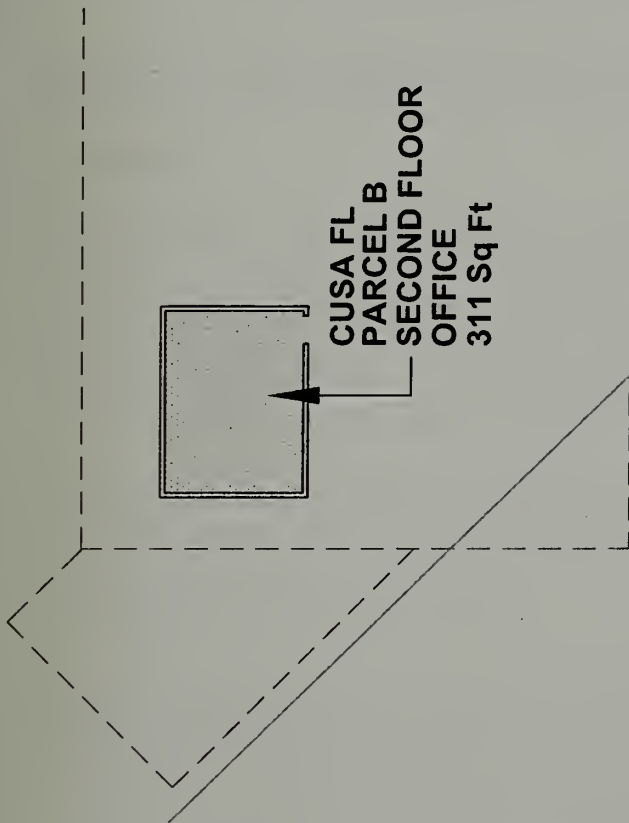
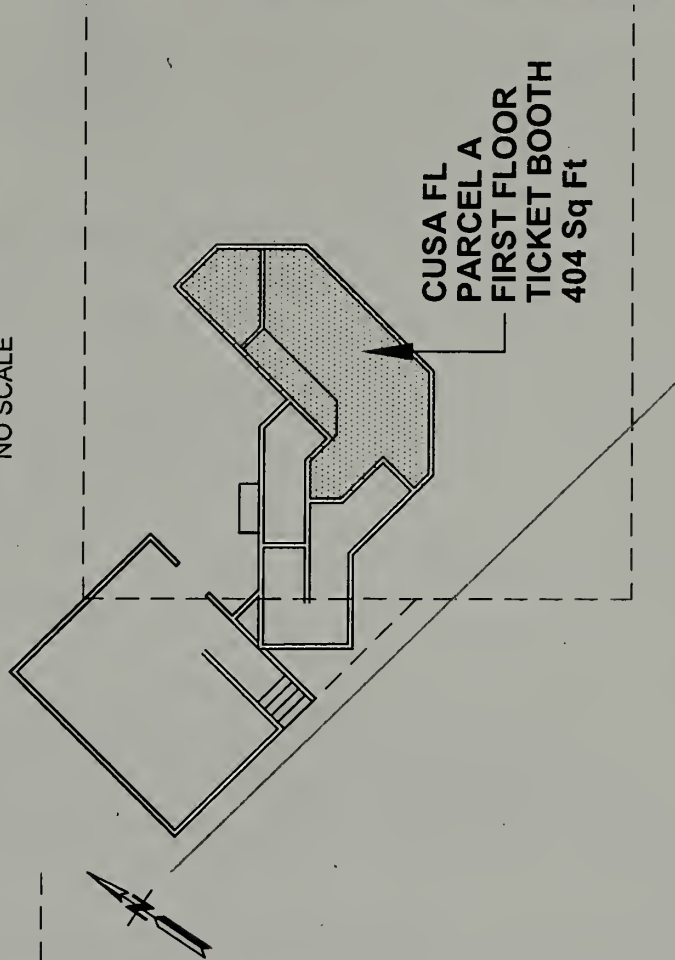


EXHIBIT A



MEMORANDUM

March 3, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors Corporation, a California Corporation, to change the Commencement Date and Eliminate the Bonding/Guarantee Requirements for Construction of the Initial Tenant Improvements at Pier 50, Shed B Bulkhead

DIRECTOR'S RECOMMENDATIONS: Approve Attached Resolution

I. History:

Dawson-Clinton General Contractors Corporation ("Tenant") is a current tenant of the Port of San Francisco. It occupies approximately 1,600 square feet of shed space and approximately 752 square feet of office space at Pier 50, Shed B. The Tenant has occupied this space since February 12, 2010, after vacating its premises at Pier 54½, as requested by the Port, to accommodate the Port's Mission Bay Shoreline Protection Project. Tenant is a Tenant in Good Standing pursuant to Port Commission policy.

Port and Tenant entered into a second lease, Port Lease No. L-14829, dated April 1, 2010, for reference purposes only (the "Lease"), for additional premises located at Pier 50, Shed B Bulkhead, consisting of approximately 3,053 rentable square feet of shed and office space (the "Premises").

The Lease requires Tenant to construct initial tenant improvements in an amount of approximately \$191,000, for which the Tenant will receive rent credits over a 60-month term. The initial tenant improvements are required to be guaranteed by contractor's bonds and a tenant guarantee, each in an amount equal to 150% of the construction costs of the initial tenant improvements. The Lease also provides for a 90-day rent-free construction period.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

The Lease commenced on August 1, 2010; however because Tenant was having trouble procuring the required bonds/guarantees for construction of the initial tenant improvements, Tenant delayed possession of the Premises under this Lease.

Since the Lease commencement date, the Tenant, in some cases with the Port's assistance, discussed the matter with various bonding companies and banks to review alternative options.

Port and Tenant now desire to retroactively amend the Lease to change the Commencement Date from August 1, 2010 to March 15, 2011. Port and Tenant also desire to eliminate the bonding/guarantee requirements for construction of the initial tenant improvements for the following reasons, all of which are documented in the lease amendment:

- Tenant shall act as the contractor for purposes of constructing the initial tenant improvements;
- Tenant shall at all times during construction of the initial tenant improvements, maintain all permits, licenses and comply with the bonding requirements of applicable state and other laws governing contractors;
- Tenant shall fulfill every obligation under the Lease that is assigned to Tenant's "contractor" or that is generally performed by a contractor in similar circumstances including the requirement to maintain Builders' Risk Insurance which also covers the Port; and
- Tenant shall provide Port with a copy of each lien release document for each subcontractor that works on the initial tenant improvements.

In situations where a tenant is performing construction (at its cost or the Port's), a bond and guarantee provide for third party payment, performance and completion should the tenant default. The Amendment would eliminate this protection. However, Port staff believes that these measures adequately protect the Port's interests in this singular matter as the space in question is currently a vacant shell with "stubbed out" utilities. Therefore, there is little risk that any actions by the Tenant could cause additional damage. Moreover, the Tenant, a design-build contractor, is highly motivated to complete this project in an efficient and timely manner as it is to become Tenant's new office space.

The commencement date of the Lease Amendment will be determined upon approval of the Lease Amendment by the Port Commission and final execution by the Port, anticipated by March 15, 2011. Tenant shall be granted a 90-day non-rent construction period consistent with the Port's and Tenant's prior approvals. Rent commencement is anticipated to be June 15, 2011.

II. Staff Recommendation

Port staff recommends that the Port Commission adopt the resolution approving the First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors Corporation, a California corporation, to change the Commencement Date and eliminate the bonding/guarantee requirements for construction of the Initial Tenant Improvement. Except as specifically amended by the First Amendment to Lease No. L-14829, the terms and conditions of the Lease shall remain in full force and effect.

Prepared by: Elsa Lamb, Commercial Property Manager

For: Susan Reynolds, Deputy Director of Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-14

- WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and
- WHEREAS, Pier 50, Shed B is located on Terry Francois Boulevard, south of the Ferry Building in the City and County of San Francisco and is within the Port's jurisdiction; and
- WHEREAS, Tenant is a Tenant in Good Standing, pursuant to Port Commission policy; and
- WHEREAS, On May 11, 2010, the Port Commission approved Lease No. L-14829 with Dawson-Clinton General Contractors ("Tenant") for the lease of Pier 50, Shed B Bulkhead for office and storage uses; the Lease requires the tenant to construct Initial Tenant Improvements and authorizes up to \$191,181 of rent credits to be applied against 50% of the monthly base rent provided that Tenant complies with the terms of the Lease; and
- WHEREAS, Lease requires Tenant to provide a contractor's bond and tenant guarantee, each in an amount equal to 150% of the construction costs of the initial tenant improvements; and
- WHEREAS, Tenant was unable to procure the required bond and guarantee; and
- WHEREAS, Port and Tenant desire to retroactively amend the Lease to change the Commencement Date from August 1, 2010 to March 15, 2011; and
- WHEREAS, The Premises in its existing condition is not currently in leasable condition and requires improvements before occupying; and
- WHEREAS, Port staff proposes that Tenant shall act as the contractor for purposes of constructing the initial tenant improvement and shall maintain all permits and licenses; comply with the bonding requirements of applicable state and other laws governing contractors; and maintain Builders' Risk Insurance covering the Port; and
- WHEREAS, Tenant shall provide Port with a copy of each lien release document for each subcontractor that works on the initial tenant improvement; and

WHEREAS, Staff has determined that elimination of the bonding/guarantee requirements from the Lease is acceptable, as Tenant is a licensed general contracting firm and will take on the responsibility of acting as "contractor" for purposes of constructing the initial tenant improvements; and is constructing such improvements for its own use and the current condition of the Premises is such that a failure of Tenant to perform does not further harm the Premises, now, therefore be it

RESOLVED, That the Port Commission authorizes the Executive Director to amend the Lease as substantively described in the staff report, and enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the First Amendment to the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the First Amendment to the Lease, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 8, 2011.

Secretary



MEMORANDUM

March 3, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request approval of the Port of San Francisco Retail Leasing Policy

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Background

At its September 28, 2010 meeting, Port staff delivered an informational presentation to the Port Commission describing the Port's current Policy for Leasing of Retail Business Sites ("Current Retail Leasing Policy"). The current policy, adopted in 1993, is attached as Exhibit A.

Prompted by recommendations offered by the Board of Supervisors Budget Analyst Harvey Rose, Port staff undertook a review of the Current Retail Leasing Policy and recommends a number of changes to the policy as shown in Exhibit B ("Proposed Retail Leasing Policy").

At its September 28, 2010 meeting, the Port Commission encouraged Port staff to review the proposed policy with the Fisherman's Wharf Advisory Group ("FWWAG"). That meeting was scheduled January 18, 2011 at Scoma's. Port staff presented the Proposed Retail Leasing Policy and received no substantive input to the policy. One member of the public queried about the level of outreach Port staff have undertaken regarding the Proposed Retail Leasing Policy and Port staff described the process of hearing an informational item at the Port Commission, followed by a presentation at FWWAG, followed by a proposed Port Commission action item.

This report summarizes the Proposed Retail Leasing Policy.

This Print Covers Calendar Item No. 9B

2010 Proposed Retail Leasing Policy

Scope of Retail Leasing Policy: The proposed policy applies to both maritime and non-maritime retail tenancies.

Competitive Solicitation: Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy provided in San Francisco Administrative Code Section 2.6-1, which generally requires an award of the subject lease through competitive bidding, "except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible."

When conducting a competitive solicitation, Port staff will establish criteria for qualified responses to the competitive solicitation; provide public notice of the opportunity; invite local businesses to participate; hold a pre-submittal conference; evaluate responses based on published criteria; and present each lease with a successful respondent to the Port Commission and the Board of Supervisors (if required) for approval.

Non-Retail Tenants Seeking to Become Retail Tenants: Port staff will entertain proposals by existing non-retail tenants to become retail tenants only when the proposed use is consistent with the Port's Waterfront Land Use Plan and the Port Commission first approves a resolution authorizing Port staff to enter into a sole source negotiation for a retail use.

Existing Retail Tenants – Renewal Prerequisites: Port staff will evaluate renewals and extension requests on a case-by-case basis based on proposed improvements, capital costs, the Port's future plans for the site, and tenant history. Tenants must be in compliance with the Port's **Tenant in Good Standing Policy** to be considered for a new or extended lease. Changes in or intensification of use must be consistent with Port, San Francisco Bay Conservation and Development Commission and other regulatory applicable limitations.

Port staff may negotiate with an existing retail tenant under the following circumstances:

1. For a short term lease extension, not to exceed 3-5 years, during any period when the U.S. economy is in a recession or San Francisco Bay Area is experiencing a commercial real estate downturn. Lease extensions will adjust base and percentage rents to then-current market-rates as adopted by the Port Commission.
2. Where the tenant proposes to make capital improvements, a lease extension or renewal may have a term of the greater of 10 years or the time required to amortize planned improvements. In exercising this extension option, the Port Commission will make a finding that the proposed capital improvements to Port property serve a public purpose.
3. If a tenant fails to meet the Port's criteria for a direct negotiation exception, a lease extension or renewal may have a term of up to 5 years without any

additional extension option, if the Port has conducted a Request for Interest and received no expressions of interest.

In exercising each of these renewal or extension options, the Port Commission will make a finding that it is impractical to bid the subject lease, consistent with the provisions of S.F. Administrative Code Section 2.6-1.

Direct Negotiation Exception: Port staff may not begin lease negotiations with an existing tenant until the Port Commission has authorized sole source negotiations with that tenant. Before presenting the Port Commission with a direct negotiation request, Port staff will determine that the tenant is in good standing, evaluate whether the tenant is the most suitable economic tenant, and receive and review a business plan and the Tenant's historic audited financial statements and/or tax returns.

The Port will not enter into direct negotiations with an existing tenant that has paid below average rent per square foot to the Port (base rent and percentage rent) in the prior three (3) year period compared to retail tenants at similar locations on Port property.

Capital Improvement Requirements for Direct Negotiations: The Tenant must make a substantial capital investment approved by the Port, subject to the following:

- Improvements may include substructure improvements, improvements to the core and shell of the lease premises, Americans with Disabilities Act access to the facilities, upgrades to utilities serving the premises or improvements to surrounding Port property;
- The Tenant will quantify the cost of the proposed capital improvement as a percentage of leasehold value;
- The proposed capital improvement must be sufficient to allow Port staff to make a finding that the improvement serves a public purpose; and
- The Tenant must demonstrate the financial capacity to pay for the proposed capital improvement and demonstrate that such improvement can be depreciated.

The Tenant will not qualify for rent credits for proposed capital improvements that are the basis for direct negotiations. Port staff will evaluate facility conditions and may propose additional investments that would justify a new lease with the existing tenant.

Lease Requirements: The renewed or extended lease will be subject to certain lease provisions, including Port Commission-approved boilerplate lease provisions, detailed in Attachment B. The Tenant will pay base and percentage rent that is market rent for comparable uses and locations on gross retail income, retail sales and concession revenues, including subtenant rents and sales.

Conclusion

Port staff recommends approval of the attached resolution approving the Proposed Retail Leasing Policy.

Port staff recommends submitting the policy for consideration at a hearing of the San Francisco Board of Supervisors.

Prepared by: Brad Benson
Special Projects Manager

Prepared for: Monique Moyer
Executive Director

Exhibit A
1993 Policy for Leasing of Retail Business Sites, adopted by Resolution 93-52

Exhibit B
Proposed 2010 Retail Leasing Policy

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-15

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy provided in San Francisco Administrative Code Section 2.6-1, which generally requires an award of the subject lease through competitive bidding, "except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible;" now, therefore, be it
- RESOLVED, That the Port Commission hereby repeals Resolution 93-52; and be it further
- RESOLVED, That the Port Commission hereby adopts the 2011 Port of San Francisco Retail Leasing Policy attached hereto as Exhibit B and authorizes Port staff to negotiate new retail agreements or amendments to existing retail agreements under the circumstances described in the new Policy; and be it further
- RESOLVED, That the Port Commission hereby authorizes Port staff to submit the policy for consideration at a hearing of the San Francisco Board of Supervisors.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 8, 2011.

Secretary

SAN FRANCISCO PORT COMMISSION

AGENDA SUMMARY SHEET

SUBJECT: Leasing Policy for Retail Sites Meeting Date: 4/28/93
 Agenda Item No: 5D
 Res. No.: 93-52
 SUBMITTED BY: Dorothy Schimke, Manager *JS*
 Leasing & Commercial Property Management

AGENDA CLASSIFICATION

<input type="checkbox"/> Executive Director's Report	<input type="checkbox"/> Engineering & Maintenance
<input type="checkbox"/> Finance & Administration	<input type="checkbox"/> Planning & Research
<input checked="" type="checkbox"/> Tenant Services	<input type="checkbox"/> Legal
<input type="checkbox"/> Cargo Services	<input type="checkbox"/> Other

BACKGROUND

The Port of San Francisco is responsible for management of a diverse waterfront. While the primary focus of the Port is to foster the growth of water related industries, a wide spectrum of other uses have developed through time and become an integral part of the Port. Due to this diversity, the San Francisco waterfront now offers the populace of the San Francisco Bay Area the opportunity for development of retail, commercial and industrial businesses, recreational activities, public access and tourism.

Retail businesses of the Port include such operations as restaurants, galleries, ship chandleries, souvenir shops and excursion vessel operations. Many restaurants coexist along the

(To Be Continued)

RECOMMENDATION: Adopt the attached resolution approving the proposed policy for leasing of retail business sites.

EXECUTIVE DIRECTOR'S
RECOMMENDATION

COMMISSION ACTION
REQUIRED

COMM. ACTION TAKEN

NDS C. M. H.

☐ Motion
☐ Resolution
☐ Ordinance
☐ Information Only

Date _____
 Approved _____
 Disapproved _____

SECRETARY:

waterfront serving the public, tourists and workforce of the City. They vary from the quick and economical hamburger stands to delicatessens to lavish seafood restaurants. All represent a choice of lifestyle to those who frequent them and a livelihood to those who operate them.

Such tenancies generate cash flows for the Port through percentage rents which are essential for balancing the operating budget and funding capital improvements which support the Ports maritime mission. Such capital improvements include:

- * cargo facility development
- * modernization of the deteriorating infrastructure
- * development of public access amenities which encourage the public to visit and use the waterfront.

Several current tenants operate businesses on Port property under a month to month lease whose fixed term has expired. Others are on a month to month holdover of a lease whose fixed term has expired. Still others operate under an existing fixed term lease scheduled to terminate in the near future. Many of these tenants have approached the Port to negotiate a new fixed term lease which would allow them to finance capital improvements needed to expand or improve their businesses.

Lacking an adequate lease term inhibits their ability to develop long term business plans and to obtain financing which is required to implement such plans for growth and remain competitive. A direct result is a constriction of the tenant's ability to increase their gross sales and consequently, the Port's revenue stream generated from percentage rents.

Although the Port would like to work with existing tenants to improve Port property and business, this interest must be balanced against the Port's affirmative responsibility to afford an opportunity for a waterfront business to all, through competitive bidding and community outreach. While affirmative action is highly desirable, it must be recognized that making available an existing business location through the bid process has the potential to interrupt an ongoing concern and threaten a small business and create vacancy -- all of which will interrupt an existing revenue stream.

In order to address these issues in an equitable fashion, Port staff is proposing a new policy to be known as the Policy for Leasing of Retail Business Sites. A copy of this policy is attached for review. This policy offers the Port a mechanism for balancing the potential and the needs of existing tenancies and new tenancies while safeguarding stability in its revenue stream. The policy is based on criteria upon which the Port could determine in what instances it should negotiate with one party (a direct negotiation exception) rather than utilizing the bid process.

The proposed retail leasing policy begins with a reaffirmation of the Port's commitment to the general policy of equal opportunity through outreach and competitive bidding. The direct negotiation exception of the retail leasing policy would be applicable in instances where an existing tenant is committed to making a large capital investment in its business and it has approached the Port to negotiate a long term lease. The policy recognizes that in order to gain financing for such investments, a lease term of sufficient length is required and therefore, the term would be justified by the size of the investment. To qualify for direct negotiation, the tenant must be:

1. A tenant in good standing.
2. A tenant committed to making a significant investment supported by a sound business plan.
3. A tenancy in the best economic interest of the Port.
4. A tenant with a good record of affirmative action and nondiscrimination and committed to future compliance.

Integral to the definition of a "tenant in good standing" is whether or not the tenant is in compliance with affirmative action guidelines. The tenant should have a good record regarding nondiscrimination and affirmative action in employment, purchasing and contracting, including as a minimum standard, compliance with existing City and State laws and policies regarding employment. In addition, the tenant must commit to a future affirmative action plan including goals, outreach efforts, reporting and penalties if the tenant fails to comply with the plan.

Finally, several other relevant considerations should be taken into account such as compatibility with Port planning efforts, years of service to the community and communities ties.

If the tenant meets all these criteria, before the staff may enter into direct negotiations with the tenant the Commission must make a finding that the benefits of direct negotiations override the benefits of competitive bidding.

The Leasing Policy for Retail Business Sites also provides a mechanism for analyzing those long time tenants who wish a fixed term lease but are not prepared to commit to major investments in their business at this time. Under the proposed policy, these tenants would be permitted a one-time opportunity to negotiate a three year lease if they met the criteria for "tenants in good standing" and affirmative action. The criteria regarding significant new investment in the property would not be applied to these tenants at this time. This opportunity would be offered for one year only, after which time all the criteria, including the investment criteria, would apply. This mechanism is appropriate in that it allows a short term lease providing sufficient time for the tenant to develop a business plan and strategy for capital investment. It also encourages all Port tenants to expand their business and improve Port property and revenues.

PORT OF SAN FRANCISCO

POLICY FOR LEASING OF RETAIL BUSINESS SITES
APRIL 1993

I. GENERAL POLICY

It is the general policy of the Port to foster and encourage full and equitable opportunities for leasing of retail sites to all businesses that wish to develop a waterfront business along the San Francisco waterfront. This is accomplished in accordance with the City's and Port's policy to competitively bid retail sites pursuant to the Administrative Code Section 23.24. This process is based on a good faith effort to reach out to the whole community including disadvantaged local, minority and women owned businesses through the following steps:

- A. Creation of clear bid specifications.
- B. Public Notice through Port action to proceed with the bid.
- C. Advertising through the purchaser's newsletter, minority and womens newspapers.
- D. Outreach to minority, women and disadvantaged business community groups.
- E. Pre-bid conference.
- F. Bid Opening conference
- G. Evaluation of bids based upon pre-determined minimum qualifications as set forth in the bid package.
- H. Approval by Commission of apparent successful bidder.

II. DIRECT NEGOTIATION EXCEPTION

An exception to the general policy permits the Port to negotiate an extension of an existing tenancy rather than competitively bid the lease as set forth in the Administrative Code when:

- A. The existing tenant is in good standing.
- B. The tenant is committed to making significant capital investment in its leasehold which will benefit the Port.
- C. The benefits of direct negotiation outweigh the benefits of competitive bidding.

III. APPLICATION OF DIRECT NEGOTIATION POLICY

The direct negotiation policy may be applied when:

- A. A tenant in good standing approaches the Port with a sound business plan requiring a capital investment in its leasehold.
- B. The tenant has a month to month lease or a lease term insufficient to support its business plan.
- C. The tenant is the best economic tenant available.

IV. IMPLEMENTATION

When approached by a tenant with a request for direct negotiation, the Port will:

- A. Determine if the tenant is in good standing. A tenant in good standing is defined as a tenant who:
 - 1. Complies with the use provisions and does not allow any unpermitted uses.
 - 2. Maintains the leasehold in good and sanitary condition.
 - 3. Has a good payment history and a current account.
 - 4. Complies with all insurance requirements.
 - 5. Keeps accurate records and cooperates with the audit process.
 - 6. Complies with the regulatory permit process.
 - 7. Provides a dependable level of goods and services.
 - 8. Utilizes good business practices.
 - 9. Meets other relevant factors specific to the business.
 - 10. Has provided a welcoming atmosphere to customers of diverse background and ethnicity.
- B. Evaluate the tenant to determine if it is the best economic tenant based on:
 - 1. Sales and revenues to Port.
 - 2. Survey of rent comparables.
 - 3. Stable growth pattern.
- C. Evaluate the business plan including review of:
 - 1. Cost estimates of capital improvements.
 - 2. Revenue projections.
 - 3. Marketing plan.
- D. Affirmative Action
 - 1. Review of the tenant's existing practices regarding nondiscrimination in public accommodation and affirmative action in employment, purchasing and contracting, including as a minimum standard, compliance with existing City and State laws and policies regarding employment.
 - 2. Commitment by the tenant to an affirmative action plan which will become a material condition of the new lease and which includes the following elements:
 - a) Affirmative action goals in hiring, purchasing and contracting including capital improvements;
 - b) Requirement for affirmative action outreach by tenant;
 - c) Requirement for tenant to document its good faith efforts to comply;
 - d) Ability to assess penalties for noncompliance.

- E. Staff, which will include the EEO Programs Specialist, shall report the results of the evaluation of each of the above criteria in Sections A-D to the Commission. In order for staff to enter into direct negotiation, the Commission must make a finding that the benefits of direct negotiation outweigh the benefits of competitive bidding.

V. TRANSITION PERIOD

There will be a one-time opportunity for existing tenants to convert a license or a month to month lease to a short term lease without immediate capital investment.

- A. To qualify for this opportunity the tenant must*:
1. Be a tenant in good standing as defined in section IV A hereof.
 2. Be in compliance with affirmative action criteria as outlined in section IV D hereof.
- B. A lease negotiated pursuant to this Section V will be limited to a three year term.
- C. The tenant must enter into a lease within one year of the adoption of this leasing policy by the Port.
- * The qualifications for this one-time opportunity to negotiate a short term lease do not include the requirements set forth in Section IVB, IVC, or IVE.

CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
RESOLUTION NO. 93-52

WHEREAS, The general policy of the San Francisco Port Commission is to foster and encourage equitable opportunities for leasing of retail sites to disadvantaged businesses through the competitive bid process in accordance with Chapter 12D of the Administrative Code and this general policy must be balanced with the need to negotiate directly with existing retail tenancies in certain instances, and

WHEREAS, the Port Commission has developed a Policy for Leasing of Retail Business Sites as set forth in the attached policy statement;

NOW THEREFORE BE IT RESOLVED, that the Commission hereby approves and adopts the Policy for Leasing of Retail Business Sites.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of April 28, 1993.

Elizabeth Day / 1993
Secretary

Port Commission

PORT OF SAN FRANCISCO
RETAIL LEASING POLICY
ADMINISTRATIVE GUIDELINES

I. Tenant in Good Standing is defined as a tenant who:

- A. Complies with the use provisions and does not allow any unpermitted uses.

Example: Tenant leased property from Port. The use clause of the lease provides for the sale of fine art. The tenant, in addition to fine art, begins selling posters, post cards and souvenirs without the written consent of the Port. This tenant would not be in compliance with the use provisions of the lease.

- B. Maintains the leasehold in good and sanitary condition. A tenant in compliance would be one who:

1. Keeps the premises clean and litter free.
2. Makes necessary repairs promptly to maintain curb appeal and a presentable business atmosphere.
3. Complies with health and safety requirements.
4. Practices preventative maintenance.
5. Reports maintenance which is Port's responsibility to Port promptly.

- C. Has a good payment history and a current account.

1. A tenant with a good payment history is one who consistently pays all rents before they become delinquent in accordance with the Port's Collection Policy (see attached) and does not tender checks which will be returned for non-sufficient funds.
2. A tenant with a current account is a tenant who has no delinquent invoices.

- D. Complies with all insurance requirements. Compliance requires maintenance of:

1. A current certificate of insurance verifying that all coverages are in place with no less than the minimum coverage set forth in the lease.
2. A certificate with all required endorsements.
3. Any additional insurance coverage as determined by Port based on industry standards for region and use.

- E. Keeps accurate records and cooperates with the audit process. Proper reporting procedures include:

1. Compliance with reporting timelines as set forth in the Port's Collection Policy.
2. Maintenance of records according to generally

- Accepted Accounting Practices.
 3. Cooperation with the City auditors.
 4. Making records available to City auditors as requested.
 5. Comply with any conditions recommended pursuant to the City's audit process.
- F. Complies with regulatory permit process. A tenant in compliance will:
1. Obtain any required permits including but not limited to:
 - a. Port Building Permit
 - b. CBQA Permit
 - c. BUDJ Permit
 - d. Conditional Use Permit
 - e. Fire Department Permits
 - f. Health Department Permit
 2. Adhere to the conditions of the required permits.
- G. Provides a dependable level of goods and services. A tenant doing so maintains:
1. Consistent products and services.
 2. Consistent hours of operation.
 3. Proper inventories.
 4. Sufficient and well trained staffing.
- H. Utilizes good business practices. A tenant doing so:
1. Maintains current business accounts/pays vendors promptly.
 2. Provides a safe environment for customers.
 3. Practices ethical employer/employee relations.
 4. Utilizes ethical pricing practices.
 5. Is responsive to market trends.
- I. Meets other relevant factors specific to business.
- Example: Tenant leases property from Port for the purpose of operating excursion vessels from the North Ferry Terminal. The lease provides for the loading of stores onto the vessel from the terminal under certain conditions, i.e., during set hours, within a set time limit, and using specified equipment which will not overload the barge. Tenant would be required to comply with the conditions set forth in the lease.
- J. Provides a welcoming atmosphere to customers of diverse background and ethnicity. Such a tenant is one who:
1. Has a record of providing equal services to all customers.
 2. Has not exhibited a pattern of discrimination.

MARCH 8, 2011

**EXHIBIT B
PORT OF SAN FRANCISCO
RETAIL LEASING POLICY**

Background

The Port of San Francisco ("Port") is a public enterprise committed to promoting a balance of maritime, recreational, industrial, transportation, public access and commercial activities on a self-supporting basis through appropriate management and development of the waterfront for the benefit of the public.

General Policy

The Port's Retail Leasing Policy provides entrepreneurs that wish to develop and operate a business along the San Francisco waterfront an opportunity to bid on retail lease opportunities, as described in this policy. This policy also permits the Port and its successful, existing retail operators to enter into new leases under specified conditions. Retail opportunities will be available only at locations deemed appropriate for retail activity in accordance with the Port's Waterfront Land Use Plan, as it may be amended from time to time.

Businesses on Port property include uses such as restaurants, galleries, ship chandleries, souvenir shops, food and beverage sales, clothing and apparel shops, on-going special event venues and visitor-serving excursion operators. The Port enjoys a diverse mix of retail uses that serve the public and are consistent with the Burton Act and the public trust for navigation, commerce and fisheries.

Lease revenues are essential for funding the Port's operating and capital budget, which support the Port's public trust maritime mission. The Port's retail tenancies also provide business opportunities for local merchants and employment opportunities for San Francisco residents.

Scope of Retail Leasing Policy

This policy applies to both maritime and non-maritime retail tenancies. This policy does not apply to retail tenancies in mixed-use developments on Port properties that have been master- or ground-leased by the Port Commission.

Competitive Solicitation

Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy provided in San Francisco Administrative Code Section 2.6-1.

POLICY RELATIVE TO APPROVAL OF LEASE AND CONCESSION AGREEMENTS. Whenever in accordance with the provisions of the Charter, any officer, board or commission of the City and County submits a proposed lease or agreement for concession privileges to be operated in or upon any property or facility of the City and County to the Board of Supervisors for its approval or disapproval, except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible, it shall be the policy of said board (1) to approve only such proposals as have been awarded to the highest responsible bidder in accordance with competitive bidding procedures, and (2) to approve only

such leases as require the lessee to provide appropriate insurance naming the City as an additional insured in a form and amount approved by the Office of Risk Management. When conducting a competitive solicitation, Port staff will:

1. Describe a range of desired uses and establish criteria for qualified responses to the competitive solicitation;
2. Provide public notice of the competitive solicitation through the Port's website, the City's designated local newspaper for notices, and community-based media;
3. Invite local business enterprises to participate, in coordination with the Human Rights Commission and Office of Contract Management;
4. Hold a pre-submittal conference;
5. Evaluate responses and award retail leasing opportunities based on criteria specified in the solicitation package; and
6. Present each lease with a successful respondent to the Port Commission and the Board of Supervisors (if required) for approval.

Non-Retail Tenants on Port Property Seeking to Become Retail Tenants

Occasionally, existing Port non-retail tenants express an interest in opening retail businesses within or adjacent to their premises. The Port usually enters into non-retail leases without competitive bidding, based on the Port Commission's approved parameter rental rate policy and a finding, upon public hearing of the Port Commission, that bidding office, warehouse, open land or other (non-retail) leases is impractical.

While the Port understands that many of its tenants may have the business acumen and financial wherewithal to open retail businesses, commencing such a tenancy without bidding potentially conflicts with City and Port policy. Port staff will entertain such proposals only when the proposed use is consistent with the Port's Waterfront Land Use Plan and the Port Commission first approves a resolution authorizing Port staff to enter into a sole source negotiation for a retail use.

Existing Retail Tenants – Renewal Prerequisites

Existing retail tenants often request a lease renewal when a lease is expiring or the tenant desires to make capital improvements and amortize its investment over a period longer than the existing lease term. Port staff will evaluate renewals and extension requests on a case-by-case basis based on proposed improvements, capital costs, the Port's future plans for the site, and tenant history. Tenants must be in compliance with the Port's **Tenant in Good Standing Policy** to be eligible for consideration for a new or extended lease.

Changes in or intensification of use must be consistent with the Port's Waterfront Land Use Plan, San Francisco Bay Conservation and Development Commission (BCDC) requirements and other regulatory limitations applicable to the site, including compliance with the California Environmental Quality Act. The Port, in its sole discretion, may determine that proposed changes in or alterations of use would trigger the need for a competitive solicitation.

Port staff may negotiate with an existing retail tenant in good standing under the following circumstances:

1. For a short term lease extension, not to exceed 3-5 years, during any period when the National Bureau of Economic Research has determined that the U.S. economy is in a recession or other data support a finding by the Port Commission that the San Francisco Bay Area is experiencing a commercial real estate downturn. Under these conditions, the renewals and extensions will adjust base and percentage rents to then-current market-rates as adopted by the Port Commission.
2. Where the tenant proposes to make capital improvements, a lease extension or renewal may have a term of the greater of 10 years or the time required to amortize planned improvements (using the term of the tenant's financing or, if not financed, straight line depreciation for qualified leasehold improvement property (currently 15 years) if the tenant meets the Port's criteria for a direct negotiation exception (described below). In exercising this extension option, the Port Commission will make a finding at a public hearing that the proposed capital improvements to Port property serve a public purpose.
3. If a tenant fails to meet the Port's criteria for a direct negotiation exception, a lease extension or renewal may have a term of up to 5 years without any additional extension option, if the Port has conducted a Request for Interest and received no expressions of interest from qualified parties.

In exercising each of these renewal or extension options, the Port Commission will make a finding that it is impractical to bid the subject lease, consistent with the provisions of S.F. Administrative Code Section 2.6-1.

Direct Negotiation Exception

Before entertaining a direct negotiation request for a lease renewal or extension, Port staff will:

1. Determine if the tenant is in compliance with the **Tenant In Good Standing Policy**;
2. Evaluate whether the tenant is the most suitable economic tenant based on reasonably projected sales and revenues to the Port, using comparable retail rents on a square foot basis; and
3. Request a written business plan and evaluate the plan to determine cost and value of capital improvements to Port property, viability of revenue projections including historical audited financial statements and/or the last 3 years' tax returns and use of property.

The Port will not enter into direct negotiations with an existing tenant that has paid average rent per square foot to the Port (base rent and percentage rent) in the three (3) year period immediately preceding the request that is less than the average of rents per square foot for like retail tenants at similar locations on Port property (e.g., with a tenant that generates below-average rents).

Capital Improvement Requirements for Direct Negotiations

The Tenant must make a substantial capital investment approved by the Port, according to the following conditions:

- Improvements may include substructure improvements, improvements to the core and shell of the lease premises, Americans with Disabilities Act access to the facilities, upgrades to utilities serving the premises or improvements to surrounding Port property;
- The Tenant will quantify the cost of the proposed capital improvement as a percentage of leasehold value, with actual expenditures subject to verification pursuant to lease terms;
- The proposed capital improvement must be sufficient to allow Port staff to make a finding that the improvement serves a public purpose; and
- The Tenant must demonstrate the financial capacity to pay for the proposed capital improvement and demonstrate that such improvement can be depreciated within the proposed lease term.

The Tenant will not qualify for rent credits for proposed capital improvements that serve as a basis for direct negotiations.

Port staff will evaluate facility conditions and may propose additional facility investments that would justify a new lease with the existing tenant.

Lease Requirements

1. The Tenant will pay base and percentage rent that is market rent for comparable uses and locations on gross retail income, retail sales and concession revenues, including subtenant rents and sales.
2. The Port reserves the right to approve all sub-tenancies, and all sublease revenues will be separately reported to the Port in a customary and pre-approved manner.
3. Base rent will be based on available industry comparables, site history, best site use and percentage rent history. Base rent will be adjusted annually (either as a fixed percentage increase or as a CPI percentage increase) with no provision for rent reduction or rebate.
4. The Tenant will disclose all gross revenues and related expenses and grant the Port the right to conduct periodic audits and obtain related financial reports.
5. Depending on the type of proposed capital improvements, the new term of the lease may include a construction period, with a deadline to complete required tenant improvements.
6. The Tenant will provide a tenant guarantee and a contractor's surety bond or other financial assurance approved by the Port in its sole discretion in an amount approved by the City's Risk Manager. If the Tenant fails to obtain the approval, permits or financing

of the proposed improvements in the agreed upon time frame, or fails to complete the project in any way, the Tenant may be subject to liquidated damages, lease default or other remedies as provided by the lease.

Sale of Business/Lease, Transfer or Assignment

Subject leases will include provisions that are part of the Port Commission's approved boilerplate lease, as it may be amended from time to time, including but not limited to:

1. The Port shall participate in a portion of the proceeds from the sale, transfer, assignment, restructuring, and refinancing of leaseholds.
2. The proposed transferee shall provide audited financial statements and the Port shall have the right to request a written business plan supported by market analysis:
3. The Port shall approve all ownership and capital changes at its reasonable discretion. The proposed transferee must demonstrate expertise in operating the business and maintaining the asset.
4. The proposed transferee or assignee shall jointly assume any structural, substructure repair/maintenance or seismic upgrade responsibilities that are the obligation of the seller, transferor or assignor. Upon request for the Port's consent to the transfer, sale or assignment of its lease, the Tenant shall provide a written report prepared by a Port-approved engineer detailing the current condition of the physical assets, including any deferred repairs or maintenance along with a remedial plan for repairs as a condition to the Port's consent.
5. All maintenance and/or construction work required in the original lease must be completed, with all permits closed out, prior to the request for the Port's consent, or the transfer agreement will address the obligations of the transferee to complete such work.

SAN FRANCISCO PORT COMMISSION

**MARCH 8, 2011
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

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HON. ANN LAZARUS, VICE PRESIDENT
HON. FRANCIS X. CROWLEY
HON. LESLIE KATZ

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

**CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION**

**MINUTES OF THE MEETING
MARCH 8, 2011**

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:15 p.m. The following Commissioners were present: Kimberly Brandon, Ann Lazarus, Francis X. Crowley and Leslie Katz.

2. APPROVAL OF MINUTES - February 22, 2011

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; the minutes of the February 22, 2011 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

At 2:16 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)

- a. Discuss anticipated litigation matter pursuant to California Government Code Section 54956.9(b)(1) and San Francisco Administrative Code Section 67.10 (d):

 X As Defendant

Proposed action: Approval of Port's termination for convenience of Contract No. 2742, with California Restoration On-Call Inc. dba Avalon Construction Company ("Contractor"), for the Pier 26 South Bulkhead Office HVAC Improvement Project, and mutual and full settlement of Contractor's expenses. Proposed settlement includes Port's payment of \$5,152.32 for Contractor's expenses and associated with Port's termination for convenience, Contractor's full and final release, and other terms set forth in the settlement agreement and release on file with the Port Commission Secretary.

- (2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California, Mission Bay Development Group, San Francisco Waterfront Partners, and TMG Partners/the Sobrato Organization

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Lazarus made a motion not to disclose any information discussed in executive session except for agenda Item No. 4(1)(a). Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

Port Legal Counsel Robert Bryan reported that the Port Commission approved the Executive Director's determination that the termination for convenience of Contract No. 2742 is in the City's and Port's best interests, and Port the Commission authorized the termination of the contract for convenience, and settlement of the contractor's claims for the sum of \$5,152.32

6. **ANNOUNCEMENTS:** The Port Commission Secretary announced the following:

- A. **Announcement of Prohibition of Sound Producing Devices During the Meeting:** The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. **Announcement of Time Allotment For Public Comments:** A member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE DIRECTOR'S REPORT:

Susan Reynolds, Deputy Director of Real Estate, indicated that Executive Director Monique Moyer is out of the office because of family medical emergency.

Ms. Reynolds welcomed new Port Commissioner Leslie Katz to the Port. Commissioner Katz served on the San Francisco Board of Supervisors from 1996-2001. She has an extensive experience in community planning and government volunteering. She served on the Board of Trustees for San Francisco City College. She also assisted the Treasure Island Development Authority in planning and related operations for the island. She holds a JD from the Hastings College of Law, University of California. She currently serves as general counsel of Champion Telecom.

Ms. Reynolds also welcomed Rip Malloy, the new property manager for the Real Estate Division. He will be managing the Fisherman's Wharf portfolio.

Ms. Reynolds reported the following:

- Pier 70 20th Street Historic Buildings Request for Interest (RFI) in Rehabilitation Opportunities - Released February 17, 2011

On February 17, 2011, the Port issued a RFI in six buildings that generally line 20th Street including the Union Ironworks Machine Shop and Office Building and the Bethlehem Steel office building. The Port is seeking interested tenants and developers. Following expressions of interest, parties may be invited to submit proposals. Responses are due on June 1, 2011.

- 20th Anniversary of the Removal of the Embarcadero Freeway

February 27, 2011 marks the 20th anniversary of the removal of the Embarcadero freeway. The freeway was built in 1958. In 1986, San Francisco became engaged in a debate over the removal of the freeway. In 1989, the decision was made for us when the freeway was damaged by the Loma Prieta earthquake.

- 10th Anniversary of the Port offices' move from the Ferry Building to Pier 1

This year marks the 10th year the Port offices moved from the Ferry Building to Pier 1.

- USA 17, Winner of the 33rd America's Cup, at Pier 80

On February 28, 2011, the Port's Pier 80 terminal welcomed the M/V Star Isfjord carrying the trimaran, USA 17, the winner of the 2010 America's Cup. Pier 80, operated by Metro Ports, will serve as the logistical headquarters for Oracle Racing. Pier 80 is the only marine terminal in Northern California able to

handle containers, breakbulk and heavy lift cargoes simultaneously. The Port and the City will play host to the 34th America's Cup races that are scheduled to be held in 2013. Preliminary races will be held in 2012.

- Grand Opening of Carnelian-By-The-Bay Restaurant

The Carnelian-by-the-Bay restaurant opened its doors on March 3, 2011. Carnelian-by-the-Bay is located behind the Ferry Building. It's where the former World Trade Club was located. The management team of the restaurant is made up of the same management team of the former Carnelian Room located at the Bank of America building. The restaurant will be open for lunch, dinner, happy hour. Banquet rooms are currently available for special events. They feature American continental dishes and dim sum specialties. Their lounge is open for drinks and hors d'oeuvres, 7 days a week from 4 p.m. to 11 p.m. They will expand their operation later this month to include breakfast and lunch hours.

- 8th Annual San Francisco Ocean Film Festival – March 9 to 13, 2011

The San Francisco Ocean Film Festival will commence on March 9. They will be showing 50 films in five days. Please check their website for more information.

- Public comments due on CEQA Notice of Preparation of the EIR for Pier 27 Cruise Ship Terminal/34th America's Cup

On February 9, 2011, the San Francisco Planning Department issued a Notice of Preparation of an Environmental Impact Report (EIR) for the Pier 27 Cruise Ship Terminal, the 34th America's Cup Races and Northeast Wharf Plaza. Public comments are due to the San Francisco Planning Department by March 11, 2011, c/o Joy.Navarrete@sfgov.org, 575-9040.

- Sunday Streets – March 20, 2011 Kickoff along Embarcadero from Fisherman's Wharf to Mission Bay

This year's Sunday Streets event calendar features monthly events from March 20 through October of 2011, with events occurring on the 2nd Sunday of each month starting in April. The first event will take place on Sunday, March 20, 2011 from 11am to 4pm. The event route is along the waterfront starting in Fisherman's Wharf on the Embarcadero and ends in the DogPatch Neighborhood at the Terry Francois Boulevard and Illinois and Mariposa Streets intersection. The next Sunday Streets waterfront route event is scheduled for Sunday, June 12, 2011 and it will go from Mission Bay to the Bayview district.

Commissioner Brandon welcomed Commissioner Katz and commented that the Port Commission and staff are happy to have her on board and look forward to working with her. Commissioner Lazarus seconded the motion.

Commissioner Katz thanked Commissioner Brandon.

8. CONSENT

- A. Request approval of the annual update to the Port's 10-year Capital Plan for Fiscal Years 2012-21. (Resolution No. 11-12)
- B. Request approval of Consent to Sublease between Blue and Gold Fleet, L.P. and CUSA FL, LLC for a four year term to operate a ticket booth and office space totaling approximately 715 square feet located at Pier 41 on the Embarcadero near the foot of Powell Street. (Resolution No. 11-13)

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor. Resolution Nos. 11-12 and 11-13 were adopted.

9. REAL ESTATE

- A. Request approval of First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors Corporation, a California Corporation, to change the commencement date and eliminate the bonding/guarantee requirements for construction of the Initial Tenant Improvements at Pier 50 Shed B Bulkhead. (Resolution No. 11-14)

Elsa Lamb, Commercial Property Manager, requested Commission's approval of the First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors. Dawson-Clinton General Contractors Corporation is currently a Port tenant. The tenant occupies approximately 1,600 square feet of shed space and approximately 752 square feet of office space at Pier 50, Shed B. The Tenant has occupied this space since February 12, 2010, after vacating its premises at Pier 54½, as requested by the Port, to accommodate the Port's Mission Bay Shoreline Protection Project.

Port and Tenant entered into a second lease, Port Lease No. L-14829, dated April 1, 2010, for additional premises located at Pier 50, Shed B Bulkhead, consisting of approximately 3,053 rentable square feet of shed and office space.

The Lease requires Tenant to construct initial tenant improvements of approximately \$191,000, for which the Tenant will receive rent credits over a 60-month term. The initial tenant improvements are required to

be guaranteed by contractor's bond and a tenant guarantee bond, each in an amount equal to 150% of the construction costs of the initial tenant improvements. The Lease also provides for a 90-day rent-free construction period.

Since the Lease commencement on August 1, 2010; however, because the Tenant was having trouble procuring the required bonds/guarantees for the construction, the Tenant delayed possession of the Premises under the Lease because the tenant is a small business. As a small business, they did not have the collateral to provide bonds worth three times the cost of the initial tenant improvements which would have been approximately \$600,000. Were they not the general contractors for this project, they would have had to hire a general contractor in which case that general contractor would have had the requirement, not the tenant. The Port feels that there's little risk in having a tenant as a general contractor to perform the work as the premises isn't in a shell condition at this point in time.

The Port and Tenant now desire to retroactively amend the Lease to change the Commencement Date from August 1, 2010 to March 15, 2011. Port and Tenant also desire to eliminate the bonding/guarantee requirements for construction of the initial tenant improvements for the following reasons:

- Tenant shall act as the contractor for purposes of constructing the initial tenant improvements;
- Tenant shall at all times during construction of the initial tenant improvements, maintain all permits, licenses and comply with the bonding requirements of applicable state and other laws governing contractors;
- Tenant shall fulfill every obligation under the Lease that is assigned to Tenant's "contractor" including the requirement to maintain Builders' Risk Insurance which also covers the Port; and
- Tenant shall provide Port with a copy of each lien release documents for each subcontractor that works on the initial tenant improvements.

In addition, the premises is currently vacant, shell with stubbed out utility space requiring improvements before occupancy. Therefore, there is little risk that any actions by the Tenant could cause additional damage. Moreover, the Tenant, a design-build contractor, is highly motivated to complete this project in an efficient and timely manner as it is to become the Tenant's new office space. The tenant is a Tenant in Good Standing pursuant to Port Commission policy.

The commencement date of the Lease Amendment will be determined upon approval of the Lease Amendment by the Port Commission and final execution by the Port, anticipated by March 15, 2011. Port staff

recommends that the Port Commission adopt the resolution approving the First Amendment to Lease No. L-14829 with Dawson-Clinton General Contractors Corporation at Pier 50 bulkhead.

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor. Resolution No. 11-14 was adopted.

B. Request approval of the Port of San Francisco's Proposed 2010 Retail Leasing Policy. (Resolution No. 11-15)

Brad Benson, Special Projects Manager, indicated that last fall, Port staff presented this to the Commission as an informational item. This has been an area of policy discussions with the Board of Supervisors and their budget analyst, Harvey Rose. In the past, Port staff have been approached by Port retail tenants who are performing good business along the waterfront and are proposing, consistent with the current retail leasing policy, to make improvements to Port property. When those leases require Board of Supervisors approval, i.e. the lease term is more than ten years or generates revenues of more than \$1 million, the response of the budget analyst has been, "Why did you not competitively bid this lease opportunity?"

New retail opportunities are not widely available on the waterfront. There are plenty of retail operators in the city who would like an opportunity to do business along the waterfront. We certainly want to keep our good tenants but a policy that affords direct negotiations with those tenants should balance the need for new market entrance to be able to do business along the waterfront. We looked at the old policy and he credited Real Estate and Legal staffs - Mark Lozovoy, Jeff Bauer, Rona Sandler - for weighing in on the Budget Analyst's issues.

The existing policy was adopted by the Port Commission in 1993. It established a requirement to competitively bid a new retail lease opportunities but it has a direct negotiation exception. Port staff has taken advantage of that direct negotiation exception in multiple occasions. Following the current policy, Port staff have done an excellent job negotiating substantial capital improvements to locations such as D&G at Pier 47 and the Java House and managed to increase the base rent for those lease amendments substantially. With our retail leases, we typically have a rent structure that is a base rent plus a percentage rent. We have a lot of percentage rent history for these sites and we'll use the history of rent at that site plus any expected new revenues as a base line for those base rent negotiations.

The proposed policy tries to align Port policy with the Administrative Code. The City Attorney's office advised Port staff that Administrative Code Section 2.6-1 applies to Port property, which generally requires an award of the subject lease through competitive bidding, except where the Board of

Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible. In this policy, staff is recommending that we rely on the word impractical and that if we have a tenant who is performing well and is proposing to make major improvements to Port property, it's impractical to bid and it's unlikely we would get a better result for the Port through a bid process.

For new retail leasing opportunities, the Port would form a formal competitive bidding process through Request for Proposals or Qualifications. If we sought to take advantage of the direct negotiation exception, Port staff would come first to the Port Commission to get authorization to enter into direct negotiations. We would not do that until we had determined that the existing tenant was a tenant in good standing, was the most suitable economic tenant for the site, and we had reviewed a business plan and audited financial statements for that tenant. All of that due diligence work would come first.

We would evaluate the tenant's proposal on a case-by-case basis based on proposed improvements and capital costs. We are not talking about any sorts of investments by the tenants. Generally speaking, tenant improvements to the interior of their space would not be allowable improvements. Instead we would be looking at substructure improvements, improvements to the core and shell facility, Americans with Disabilities Act improvements would typically be triggered in a new lease, upgrades to utilities and the like or improvements to surrounding areas on Port property. For instance, BCDC could impose a new public access requirement that would be a basis for some of those capital improvements. We would ask the tenant to quantify the cost of the proposed capital improvement as a percentage of leasehold value. The proposed capital improvement must be sufficient to allow Port staff to make a finding that the improvement serves a public purpose and the tenant must demonstrate the financial capacity to pay for the proposed capital improvements.

The proposed policy also speaks more broadly to issues about where retail is appropriate on Port property. We would be looking to adopted plans such as the BCDC Plan and the Waterfront Land Use plan to make sure that the retail use makes sense at that location. We would recommend considering renewals under the following circumstances. We've had a bad commercial real estate downturn. We suggest that for a period of an additional 3-5 years when we're in that kind of economic downturn, it makes better sense to keep the tenants we have who are doing good business rather than proposed letting them go. That would be an extraordinary circumstance where we would forego competitive bidding.

For a term of ten years or greater where the tenant proposes a capital improvement, they are in good standing, they provide a good business plan, and they have a revenue history over the past three years that exceeds the average for like tenants. This is one way in which this proposed policy differs

from the existing retail leasing policies that we are actually including a performance standard for the amount of rent that the Port receives. For a term of up to five years where we've issued RFI for the site and received no expressions of interest, two findings will be recommended to the Port Commission and subsequently to the Board of Supervisors that the proposed improvements serve a public purpose and it's impractical to bid the lease. The leases will be all subject to standard Port Commission approved requirements including the boilerplate lease.

At the Port Commission's request, staff went to the Fisherman's Wharf Advisory Group and presented the proposed policy to that group. We received no substantive input to the policy. We have most of our retail tenants at Fisherman's Wharf who would be affected by this policy. If the Port Commission decides to adopt the policy, Port staff proposes to bring it to the Board of Supervisors and seek a hearing at the budget & finance committee where the budget analyst could review the policy. Our goal would be to have the Board of Supervisors, either by resolution or by direction to the Budget Analyst, suggest that this policy conforms to the Administrative Code so that our budget analyst reviews of our lease extensions have an easier path through the Board.

Commissioner Lazarus indicated that the agenda refers to the 2010 Proposed Retail Leasing Policy but the resolution refers to the current year. Mr. Benson replied that was a typographical error and the Commission should be approving the 2011 Proposed Retail Leasing Policy.

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor. Resolution No. 11-15 was adopted.

10. NEW BUSINESS

11. PUBLIC COMMENT

12. ADJOURNMENT

Commissioner Lazarus moved to offer the Commission's best wishes to Director Moyer and her family for a speedy recovery.

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 3:50 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Ann Lazarus, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, MARCH 22, 2011

2:30 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - March 8, 2011
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

03-18-11P02:26 RCVD

GOVERNMENT
DOCUMENTS DEPT

MAR 18 2011

SAN FRANCISCO
PUBLIC LIBRARY

- a. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California, Mission Bay Development Group, San Francisco Waterfront Partners, and TMG Partners, the Sobrato Organization

Under Negotiations: _____ Price _____ Terms of Payment ☒ Both
The non-Port parties identified responded to a Request for Qualifications authorized by the Port Commission on May 11, 2010. In this executive session, Port staff intends to seek direction from the Port Commission on matters that may affect the competitive process now underway.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

- B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE DIRECTOR'S REPORT

8. PLANNING AND DEVELOPMENT

- A. Informational presentation on Schematic Design for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project at Pier 27.

9. NEW BUSINESS

10. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Presentation on selection and award of Pier 70 Waterfront Site Developer (April 12, 2011)
- Informational hearing on City implementation of the Local Hire Program (April 12, 2011)
- Informational update on the Seawall Lot 337 development project (April 12, 2011)
- Informational presentation on the Port's Maritime Preservation Policy (April 12, 2011)
- Request authorization to enter into a First Amended Memorandum of Understanding with the San Francisco Department of Public Works for Project Management Services for Design Development for the James R. Herman Cruise Terminal at Pier 27 (April 12, 2011)
- Request authorization to amend contract with Treadwell & Rollo, Inc., a Langan Company, for environmental consulting services at Pier 70 (April 12, 2011)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (April 12, 2011)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, to West Bay Builders, Inc., in an amount not to exceed \$2,963,420 and authorization for a 10% contingency fund of \$296,342 (April 12, 2011)
- Request authorization to award Construction Contract No. 2727, Pier 43 Bay Trail Link Project (April 12, 2011)
- Request authorization to amend the Gerwick/SDE JV professional services agreement for the Pier 43 Bay Trail Link Project (April 12, 2011)
- Informational presentation of the *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco (April 26, 2011)
- Request for authorization to award Construction Contract for Contract No. 2744, Roundhouse 2 Heating, Ventilation and Air Conditioning (HVAC) Systems Retrofit Project (April 26, 2011)
- Request authorization to advertise for and accept competitive bids for the Joint Operations and Security Building Project, Contract No. 2745 (April 26, 2011)
- Request for authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project (April 26, 2011)
- Request authorization to advertise for competitive bids for the construction of Heron's Head Park Improvement Project, Construction Contract No. 2749 (April 26, 2011)
- Request approval of Lease L-14495 with Hornblower Yachts, Inc., a California Corporation, for a Term of Five Years with One Five-Year Renewal Option, for premises located at Pier 9 consisting of approximately 1,198 square feet of unimproved pier shed, 7,243 square feet of apron space and 24,470 square feet of submerged land (April 26, 2011)
- Request approval of a ten-year lease (L-14956) with Paul Johnson, an individual, dba Monterey Fish, of approximately 10,210 square feet of shed space for fish processing and wholesale at Pier 33 (April 26, 2011)
- Request approval to accept and expend 2007, 2008 and 2009 Supplemental Federal Port Security Grant Program Funds (April 26, 2011)

- Request approval to designate an Authorized Agent to apply for and accept funds from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 and under the California Disaster Assistance Act (April 26, 2011)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM MARCH 4, 2011 TO MARCH 17, 2011

- From Dennis MacKenzie, regarding Education Reform proposals
- From Telegraph Hill Dwellers, copy of the THD's publication entitled "The Semaphore"
- From San Francisco Bicycle Coalition, invitation to the April 7, 2011 Bike to School Day and May 12 Bike to Work Day

APRIL 2011

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
April 12	2:00 p.m.	Closed Session, Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 26	2:00 p.m.	Closed Session, Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly@REDEV.SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

March 17, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director *M. Moyer*

SUBJECT: Informational presentation on Schematic Design for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project at Pier 27

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

INTRODUCTION

In September 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendations which included transforming the existing Pier 27 shed into a year-round cruise terminal that will meet the evolved security and passenger needs of the cruise industry and allow meeting and special event uses when not occupied for cruise purposes. The Port's goal is to develop a cruise terminal that reflects the values of San Francisco residents, meets international cruise terminal standards, and complies with community and regulatory requirements. In conjunction with a cruise terminal, the Port proposes to develop the Northeast Wharf Plaza as a new, major public plaza that will attract City residents and visitors to enjoy San Francisco Bay.

In November 2009, Port Commission Resolution No. 09-70 authorized Port staff to execute a design contract with the recommended joint venture team of KMD Architects and Pfau Long Architecture in association with cruise terminal design consultant, Bermello Ajamil & Partners ("Design Team") for Architectural and Engineering Services for the proposed Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project ("Project"). The Port, DPW, and the Design Team initiated a design process in January 2010. This began with a series of internal design sessions that led to completion of a Facility Program Statement and later with cruise terminal concept alternatives.

This Print Covers Calendar Item No. 8A

In December 2010, Port Commission Resolution No. 10-80 authorized Port staff and its Design Team to initiate and develop further the schematic design on Scheme B2, the option for a new, approximately 96,000 square foot terminal that would be consistent with the Cruise Terminal Advisory Panel recommendations.

PROJECT PHASES

Concurrent with Resolution No. 10-80, the Board of Supervisors approved the City's bid to host the 34th America's Cup ("AC34") in San Francisco--the Host and Venue Agreement ("HVA"), which the America's Cup Event Authority, LLC ("Event Authority") accepted with modifications on December 31, 2010. The HVA contemplates CEQA review of the AC34 Project and subsequent consideration of the AC34 event and facilities by the City. Under the HVA, the City proposes to construct the cruise terminal improvements in two phases to allow the use of Pier 27 for AC34 team berthing in 2012-2013, as explained in more detail below. This proposed phasing would require an accelerated schedule for the first phase of the Cruise Terminal Project.

Under the HVA, the City is responsible for environmental review of AC34. Accordingly, the Planning Department has prepared a "project description" for AC34 to address the environmental effects of AC34 that assumes the Port's proposed phasing of the Cruise Terminal Project. AC34-related activities are subject to completion of environmental review under CEQA, certification of a Final EIR, and approval of the AC34 project.

Subject to completion and certification of a Final EIR for the Cruise Terminal Project by the City and approval of the Project by the end of 2011, Phase 1 would consist of demolition of Pier 27, partial demolition of Pier 29, and preparation of the Pier 27 site to allow the Event Authority to install temporary improvements for the duration of the racing events. The Port would also develop the terminal building for temporary use for AC34 in 2013.

The Port would then begin Phase 2 to build-out the remaining portions of the cruise terminal building (e.g., the Customs and Border Patrol and security rooms), install maritime equipment such as the mobile gangway system as well as fenders and bollards, complete the battery charging station and operations area within Pier 29, and complete improvements to the Northeast Wharf Plaza and the Ground Transportation Area. Port staff hopes to complete the remaining tasks when the site is returned to the Port in 2014, subject to having secured the remaining capital funds to complete the Project.

SCHEMATIC DESIGN COMPONENTS

As shown on the accompanying attachments, the Design Team has submitted its schematic design for the Project. In the schematic design phase, the Design Team develops architectural concept drawings, such as floor plans, exterior elevations, building sections, and specifications, all of which illustrate the scale and relationships of the Project's design components.

Primary among the project goals is the creation of a year round cruise terminal that would meet international cruise terminal performance standards and offer the potential for special event uses when not occupied for cruise uses. The Project also includes the creation of a new Northeast Wharf Plaza with open space and amenities that would enrich the experience of the San Francisco waterfront for both neighbors and visitors.

Following the Port Commission's selection of the conceptual plan for Scheme B2 last December, the Design Team has produced a plan for the cruise terminal to adequately handle passenger vessels carrying a base design load of 2,600 passengers with operational capacity with a peak load of as many as 4,000 passengers.

The design under Scheme B2 would provide a two story facility with passenger entry into the lobby in the southeast corner and would direct passengers up through security screening and to a check-in area on the second floor. There would be an ample seating area on this floor for passengers waiting to board the cruise ship. They would enter the cruise ship via a mobile gangway system.

When passengers disembark from a voyage, they would enter the terminal on the second floor via the mobile gangway system into the Customs and Border Patrol processing area. When cleared, passengers would descend down to the baggage area for baggage pick-up and departure.

As noted, the design of this terminal building would accommodate special events, including use as the America's Cup Village during 2013. The terminal design would take advantage of the waiting area and the baggage area, with views of the Bay, as the primary zones for special events. The design of the facility will accommodate a wide variety of event types including:

- Receptions and banquets associated with convention groups
- Non-profit group fund-raisers
- Corporate events
- Private parties, such as weddings
- Consumer shows
- Community festivals and cultural events (possibly in conjunction with the Tall Ships Festival, the International Arts Festival and Fleet Week)

The use of this space, when not occupied for cruise or AC34 purposes, would allow the terminal to be used for community-wide purposes and would allow for the generation of revenue to help pay for and operate the cruise terminal facility.

The schematic design submittal departs slightly from the conceptual plans presented at the Port Commission last December. At that point, it was assumed that there would be a retained portion of Pier 27 that would serve as a provisioning area and include space for forklift battery charging stations and facility operations. The design now places these uses in the retained portion of Pier 29.

The revised design also includes relocation of the shoreside power transformer from the end of Pier 29 to a new location along the western portion of the new building within a

secured utility yard. There are likely to be further design revisions as the Project is developed and in response to environmental review.

Because of the accelerated Phase 1 schedule to develop the terminal building, the Design Team has focused its attention on the functional use as well as the massing and shape of this structure. There is a longer lead time to further develop the Phase 2 components, such as the Northeast Wharf Plaza, the Ground Transportation Area, and the currently unfunded portion improvements to the tip of Pier 27 and Pier 29. The Pier 27 master site plan would also allow in the future for up to 20,000 square feet of ancillary commercial revenue-producing uses, such as food and beverage facilities, in the Northeast Wharf Plaza area.

PROJECT BUDGET

The Design Team completed and submitted schematic drawings to Port staff on March 16, 2011. Based on these drawings, the Design Team will provide an updated Project budget which will include a more accurate estimate of the Project costs. Following completion of schematic design cost estimates, Port staff will develop a financing plan for the project in coordination with the Office of Workforce and Economic Development. Staff will prepare a report for the Board of Supervisor's that details the financing plan to seek a determination that the project is fiscally feasible and responsible, as set forth in Chapter 29.

Prepared by: John Doll, Project Manager,
Planning & Development

Kim von Blohn, Project Director
Engineering

For: Byron Rhett, Deputy Director
Planning & Development

Ed Byrne, Chief Harbor Engineer
Engineering

Peter Dailey, Deputy Director
Maritime

Attachments

1. Renderings of Terminal Design
2. December 14 Port Commission Staff Report



















MEMORANDUM

December 9, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus
Hon. Francis X. Crowley

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval of a preferred concept design for the James R. Herman Cruise Terminal, located along The Embarcadero at Pier 27

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

SUMMARY

Port staff is requesting approval to initiate schematic design work on Scheme B2, an option that would create a new 96,000 square foot James R. Herman Cruise Terminal building at Pier 27. This preferred design scheme would be consistent with the Cruise Terminal Advisory Panel's recommendation for a facility that could meet the current and future needs of the cruise industry.

This design work could be integrated with the City's proposed Host City Agreement (Northern Waterfront Alternative) for the 34th America's Cup. Under that alternative, an affiliate of the defending Golden Gate Yacht Club would contribute to the Port's costs to prepare the site and construct the terminal core and shell, and then use the new terminal building as a spectator event center and spectator viewing area and the Pier 27 apron for team hospitality berths for races scheduled in 2013. If the Board of Supervisors and the Golden Gate Yacht Club accept the Northern Waterfront Alternative for hosting the 34th America's Cup, the combined use would help the Port solve a portion of the a funding gap for the new cruise terminal building and accelerate the design and construction of the building's core and shell.

INTRODUCTION

In September 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendations which included transforming the existing Pier 27 shed into a year-round cruise terminal that will meet the evolved security and passenger needs of

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the cruise industry and allow meeting and special event uses when not occupied for cruise purposes. The Port's goal is to develop a cruise terminal that reflects the values of San Francisco residents, meets international cruise terminal standards, and complies with community and regulatory requirements. In conjunction with a cruise terminal, the Port intends to develop a new, major public plaza that will attract City residents and visitors to enjoy San Francisco Bay.

In November 2009, Port Commission Resolution No. 09-70 authorized Port staff to execute a design contract with the recommended joint venture team of KMD Architects and Pfau Long Architecture in association with cruise terminal design consultant, Bermello Ajamil & Partners ("Design Team") for Architectural and Engineering Services for the Pier 27 James R. Herman Cruise Ship Terminal and Public Plaza Project ("Project"). The Port, the Department of Public Works ("DPW") and the Design Team initiated a design process in January 2010. This began with a series of internal design sessions that led to development of a Facility Program Statement.

On July 13, 2010, Port staff presented to the Port Commission an overview of two cruise terminal conceptual designs: 1) Scheme A to renovate the existing Pier 27 shed and 2) Scheme B to develop a new terminal building replacing most of the shed. Both designs would create a new cruise terminal of approximately 80,000 square feet and balance the best operating environment for the majority of cruise ship calls with the most efficient use of the Project budget.

Port staff also presented the following preliminary budget target to the Port Commission:

Construction	\$ 38,000,000
Construction Contingency	\$ 9,108,000
Design, Engineering, Project Management and Entitlement	<u>\$ 12,892,000</u>
Total Project Budget	\$ 60,000,000

The Design Team submitted a budget for both schemes that generally meets the Port's targeted preliminary \$60 million total project budget. The Design Team's budget included the cost to build only a functional cruise terminal facility, an initial phase of the plaza, and a ground transportation area to serve the cruise terminal.¹

Based on the concept plans, the Design Team's estimated construction cost of Scheme A was \$38.5 million while Scheme B was \$41.5 million (shown in Table 1 below as baseline total costs) for a minimally functional cruise terminal facility. Beyond interim improvements, which only included lighting, paving and safety features, the cost of the envisioned plaza improvements was not included in this project budget.

As noted in the July staff report, an additional construction cost of \$21.1 million would either be likely required to complete construction or be phased in as funding becomes

¹ The \$38 million construction budget (or \$60 million total budget) differs from the project description in the Facilities Program Statement in several key characteristics. The \$38 million baseline construction costs do not include Category 1 and Category 2 program items. These items are included in Appendix A below.

available. These unbudgeted additional program elements (identified as Category 1 and Category 2 costs and described in Appendix A) also did not include contingency or soft cost adjustments. Port staff also noted in the July report that the total project budget could increase and that any project budget increase would require the Port (and the City) to secure additional project funding.

After the July Port Commission public hearing, Port staff presented Schemes A and B to various groups, including the Cruise Terminal Design Steering Committee, the Northeast Waterfront Advisory Group, and the Maritime Commerce Advisory Committee. The Port also hosted a public workshop which elicited additional comments on both cruise terminal design options and the Northeast Wharf Plaza. Excerpts from the Cruise Terminal Design Steering Committee's written comments are shown in Appendix B.

As a result of these sessions, a third concept design option, Scheme B2, emerged for which the Design Team has prepared concept drawings.

REVIEW OF CRUISE TERMINAL DESIGN OPTIONS

Based on work submitted by the Design Team, Port staff has evaluated three cruise terminal design options:

Scheme A – Renovation of Existing Shed

The primary challenge of Scheme A is transforming the existing Pier 27 shed into a 80,000 square foot terminal that meets passenger and cruise operator expectations of aesthetics and efficiency while satisfying budgetary restraints. The terminal would be single story with a mezzanine area that would provide access to the visiting cruise ships by an overhead gangway above the pier apron. Improvements include the creation of internal rooms for security processing, installing elevators and escalators, addition of insulation to the walls, roof and potentially the floor.

Upgrading the building envelope could be costly and unpredictable in its scope. The Design Team's approach in Scheme A would be to build fully enclosed and insulated rooms within the shed volume for only those spaces that require heating and cooling. Since many spaces within the terminal would not require heating and cooling (e.g., baggage lay-down hall, the entrance vestibule and waiting lobby), these spaces would have to be left "unconditioned" in order to reduce project costs.

The benefits of Scheme A include:

- Leveraging an existing asset for financial and sustainable reasons;
- Retaining a memory of the historical uses at Pier 27;
- Lower up-front capital cost than for a new building; and
- Potential higher long-term maintenance and repair costs.

The challenges are:

- Bringing the building structure to current code standards;
- Preserving the existing truss structures which limit the ability to develop second story spaces as the bottom portions of the trusses are too low;
- Providing Americans with Disabilities Act (“ADA”) compliant ramps from the ground transportation area to the terminal building;
- Addressing possible containment of existing hazardous materials on the structural elements;
- Potential higher construction costs due to potential unforeseen conditions of the existing structure; and
- Potential higher long-term maintenance and repair costs.

In Scheme A, the amount of space available in the ground transportation area would be less than desirable, but could function adequately with additional operational provisions (which would increase cost of operations). While this scheme would require minimal changes to the existing deck surface, the disadvantages would be the construction of ADA compliant passenger ramps (because of the existing loading dock) and potentially more off-site bus staging due to reduced on-site capacity in the ground transportation area.

Scheme B – New Construction

Demolishing the existing shed and constructing a new 80,000 square foot terminal under Scheme B would involve a new structural system which must align with the substructure and would have considerably less free span than Scheme A due to the capacity of these elements. As with Scheme A, new construction would seek to limit heating and cooling of many terminal spaces (e.g., baggage lay-down hall, the entrance vestibule and waiting lobby) leaving these areas “unconditioned” in order to reduce project costs.

The primary benefit of Scheme B would be the flexibility to configure the operational cruise terminal more efficiently. This would result in a two story configuration that separates passenger embark/disembark uses from provisioning and baggage handling in a considerably smaller footprint on the site. Most, if not all, new cruise terminals use a two story configuration to allow them to function more like airport terminals.

The benefits of Scheme B include:

- Building two stories provides greater operational efficiencies and flexibility;
- Expanding the ground transportation area allows automobiles to pick up and drop off passengers along the face of the terminal;
- Building a new building allows longer term product warranties for the facility;
- Providing higher revenue potential of special event space; and
- Reducing operation and maintenance costs.

The disadvantages are:

- Building a new structural frame and building envelope is initially more expensive;
- Building a new structure over existing substructure piles reduces the length of free spans; and
- Building a new terminal loses the contextual memory of the Pier 27 shed.

Due to a narrower building footprint in Scheme B, more ground transportation area space would be available for vehicular circulation. The chief benefit would be that there could be a four lane vehicle circulation and a queue area located on the loading dock area which would avoid the need for new passenger ramps. The disadvantage would be the increased cost related to vehicular ramps between the lower and upper deck elevations.

Scheme B2 – New Construction with Larger Baggage Area

In addition to the two design options produced during the Conceptual Design phase of the project, Port staff requested the Design Team to study options for expanding the baggage hall beyond the minimum size included in Schemes A and B. The request for a larger baggage hall space came from cruise industry sources including Metro Cruise Services, the current facility operator, and the Port's Maritime division. It also is consistent with the Design Team's Facility Program Statement which recommends a larger baggage area that would meet cruise industry standards today and for the foreseeable future based on increase vessel size and passenger volumes.

The minimally-sized baggage hall of approximately 16,500 square feet included in Schemes A and B was a design compromise agreed to by Port staff and the Design Team as a measure to reduce the overall construction costs despite its adverse impact on operational efficiencies. For this baggage hall to function adequately the baggage lay-down process would have to be divided into several cycles increasing the amount of time it takes to process all the baggage. Although a minimally-sized baggage hall would reduce upfront construction costs, it would result in an increase in operational costs and would have a negative impact on the passenger experience. For these reasons, Port staff asked the Design Team to evaluate the costs and design impacts of providing an operationally efficient baggage hall that would be consistent with industry standards. The targeted size for such a baggage hall would increase to approximately 33,000 square feet.

The Design Team proposed various alternatives to increase the baggage hall area in both schemes. The expansion of the baggage hall in Scheme A (shown as an attachment) could be accomplished by increasing the portion of the existing Pier 27 shed to be preserved and renovated, but was not studied in detail.

The Design Team evaluated in a detailed fashion a baggage hall expansion alternative under the new construction scenario, known as Scheme B2. In order to increase the baggage area, the cruise terminal building was lengthened by roughly 60 feet towards the south and the northern end was made the same width as the rest of the terminal at

the ground floor level—resulting in total terminal size of approximately 96,000 square feet.

In Scheme B2, the general building width would be the same as Scheme B in order to preserve the functionality of the ground transportation area. The expanded baggage hall would be consolidated into a long and narrow volume that would extend to both the front and rear facades. Beyond the enlargement of the terminal building, several utility spaces previously located at the south end would be relocated to the western edge. Other program elements related to facility operations, such as battery charging stations for forklifts and changing areas for longshoremen, would be relocated to the retained portion of Pier 27 that would reduce the amount of new construction required.

The benefits of Scheme B2 include:

- Unobstructed, full length baggage hall makes easy passenger way-finding and highly flexible rental space;
- Vastly improved water views from the ground floor through additional glazed roll-up doors along the eastern façade;
- Baggage screening area can be increased/decreased in response to passenger volumes;
- Relocating mechanical areas allow the full width of front façade to the public plaza; and
- Design allows for better expansion potential in the future.

The disadvantages (or risks) are:

- Building a larger building envelope is more expensive;
- Relocating certain uses to the existing pier shed may be interpreted by code officials as a “change in use” necessitating improvements beyond the estimated budget;
- Rooftop equipment may exceed maximum column loading which may require additional slab strengthening; and
- A larger baggage hall may trigger a requirement for additional restroom facilities.

Budget considerations aside, Scheme B2 represents the most operationally effective alternative.

TOTAL CONSTRUCTION COST COMPARISON BY SCHEME

The estimated cruise terminal costs are shown on Table 1 below. Please note that the construction cost comparison below is based on conceptual plans, not detailed design drawings. All the program components required in the final design and engineering are not known at this time and any omissions could significantly impact the accuracy of the estimated costs.

Table 1: Comparative Construction Cost by Scheme

	<u>Scheme A</u>	<u>Scheme B</u>	<u>Scheme B2</u>
Construction Costs <i>In millions</i>	80,000 sf	80,000 sf	96,000 sf
Base Terminal	\$ 27.9	29.2	33.6
Retained portion of Pier 27	0.2	0.2	0.2
Minimal Site Improvements:			
Plaza	1.2	1.2	1.2
ground transportation area, apron, etc.	<u>2.1</u>	<u>3.1</u>	<u>2.6</u>
Subtotal:	\$ 31.4	33.7	37.6
LEED 1.5%	0.5	0.5	0.6
Escalation 5.5%	1.7	1.9	2.0
Pricing Contingency 15.0%	<u>5.0</u>	<u>5.4</u>	<u>6.0</u>
Baseline Total:	\$ 38.6	41.5	46.2
Retained Portion of Pier 27 Facility Upgrade:			1.1
Category 1: (Upgrades required for opening day)	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
Total Construction:	\$ 54.0	56.9	62.8
Construction Contingency 15.0%	8.1	8.5	9.4
Haz Mat Allowance	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>
Adjusted Total	\$ 63.8	67.1	73.9
Program Reserve 4.0%	<u>2.6</u>	<u>2.7</u>	<u>3.0</u>
Total Construction + Construction Contingency:	\$ 66.3	69.8	76.9
Design, Engineering, Project Management and Entitlement ("Soft Costs") 30.0%	<u>19.9</u>	<u>21.0</u>	<u>23.0</u>
Total Project Costs	\$ 86.2	90.8	99.9

As shown above, Port staff has assumed that, due to budget considerations, the total project budget would only address baseline and Category 1 costs (i.e., program

elements needed for a fully functional cruise terminal). Category 2 program elements represent upgrades that could be phased in after opening day if funds become available. Category 2 upgrades have been excluded. Both Category 1 and 2 program elements are listed in Appendix A.

These design options also do not include full development of the Northeast Wharf Plaza² (These costs are noted in Appendix C). Only minimal interim public plaza improvements would be completed and these include lighting, paving and safety features.

By retaining the existing pier shed under Scheme A, a total up-front capital cost of approximately \$86.2 million would be required to create an enhanced cruise terminal building. This is the most inexpensive option, but would potentially be the least operationally efficient design option. In addition, there is a risk of unforeseen costs in renovating an existing shed.

The new construction alternative under Scheme B could be built with improved efficiencies. The total project cost is estimated at \$90.8 million.

Scheme B2 represents the most expensive option which is estimated at \$99.8 million, but, as noted above, it represents the most operationally efficient option in meeting cruise industry standards.

Port staff had expected to present to the Port Commission approval of a design option earlier this fall. But, because of the funding associated with this project and the then emerging discussions with America's Cup team representatives, Port staff deferred recommendation of a Port action until a potential solution could be developed to help solve the cruise terminal budget issue.

America's Cup Proposal

On November 30, 2010, the Port Commission approved Resolution No. 10-73 approving both a proposed Host City and Venue Agreement ("HCA") among the City, the America's Cup Event Authority and the San Francisco's America's Cup Organizing Committee (the "Authority") and a Northern Waterfront alternative under which the Authority would use Piers 19-29 as venues in lieu of Piers 48 and 50 ("HCA Northern Waterfront Alternative"). As currently contemplated by the City's bid to host the America's Cup in the Northern Waterfront, the Port would accelerate the design and site preparation for the Pier 27 cruise terminal project. The project schedule generally envisions completing design and obtaining entitlements by the end of 2011 and completing construction by the end of 2012 to allow America's Cup events occur by 2013.

² Although there have been conceptual plan options developed for the Northeast Wharf Plaza, further work and public review is required. Further refinement of these Plaza options will be developed and its public review will likely commence in 2011. The \$14.3 million total build-out cost estimate shown in Appendix C is very preliminary and is dependent on funding opportunities and which option will be carried further for schematic design.

Assuming the Board of Supervisors approves a host city bid for the America's Cup on December 14, 2010, and if San Francisco is selected as the host venue for America's Cup, the Authority would contribute to a portion of the Port's costs to prepare the Pier 27 site and construct the core and shell of the new cruise terminal, then would be able to use the terminal building and the northern apron as an event space for races scheduled in 2013.

Under the HCA Northern Waterfront Alternative, the Authority would be allowed to construct tenant improvements for event use if they are coordinated with the cruise terminal design and construction activities. During 2013, the cruise terminal would be used as a race-viewing facility and for team hospitality berths along the apron of Pier 27. The Authority would be required to return the premises to the Port free of all tenant improvements with the assumption that Pier 27 would be available to berth cruise ships for the 2014 season.

Although many details need to be worked out, the Authority would be required to demolish all of the Pier 27 shed and a portion of the Pier 29 shed as well as temporarily disconnect and possibly store the shoreside power system. The cost of this would be an Authority investment of approximately \$7.5 million into the cruise terminal project, primarily for demolition and shoreside power modifications.

This potential budget solution provides two potential advantages: 1) help relieve the Port from financing the entire cruise terminal project cost in consideration for the Authority's use for a prescribed amount of time under a license; and 2) accelerate the design and construction of the core and shell portion of the cruise terminal project.

There are many important details to work out in the coming months if the HCA Northern Alternative is awarded by the Board of Supervisors and the Team. A preliminary list of concerns that requires further work includes:

- 1) Complete a detailed design and implementation plan to seamlessly integrate the Port's mission with the Authority's needs;
- 2) Implement a project funding program that completes the cruise terminal project for the 2014 cruise season and delivers the Northeast Wharf Plaza;
- 3) Ensure that shoreside power regulatory and grant obligations³ are fulfilled; and
- 4) Develop a berthing plan that allows multiple cruise ship calls at other sites during 2012 and 2013.⁴

³ In October 2010, the Port dedicated a \$5 million shoreside power system at Pier 27 which reduces cruise ship emissions to near zero while at berth. The Port has two sets of obligations to fulfill. Under the California Air Resources Board, ports are required to have shoreside power available for use by cruise ships by 2014. In addition, the Port received a Bay Area Air Quality Management District grant that partly funded the system. Should the goals specified in the grant agreement not be met, the Port is obligated to return these grant funds to BAAQMD.

⁴ Under the City's Northern Waterfront Alternative to host the 34th America's Cup, Piers 27 and 30-32 would not be available for cruise berthing during the 2012 and 2013 seasons. The Port could continue to berth cruise ships at its current primary berth, Pier 35 South. Pier 35 North's length is 800 feet; it can handle cruise ships only if they are less than 800 feet. Most modern cruise ships are over 900 feet. Although the Port does not have full 2012 and 2013 bookings yet, there are eight double-headers (i.e., two cruise ships berthed on the same day at the Port) scheduled for 2011 which may be indicative of 2012 demand. For 2012, there are already bookings for at least one double-header and two triple-headers.

Nonetheless, despite these concerns, the strategy to integrate the HCA Northern Alternative with the Port's mission to build a new cruise terminal is very promising. In order to meet the potential obligations set forth in the HCA Northern Alternative, Pier 27 design and entitlements/permitting would have to be completed by the end of 2011 to allow approximately one year for construction. This is an extremely ambitious schedule. To meet this schedule, it is necessary for the Design Team to initiate schematic terminal design in early January 2011.

PROPOSED PROJECT FUNDING STRATEGY

A proposed funding sources and uses is shown in Table 2.1 below. The Port currently has approximately \$30 million in available capital funds. In order to implement the HCA Northern Waterfront Alternative approximately \$21.5 million would be financed by the Port/City in a new vehicle to be determined. The Authority would contribute \$7.5 million dedicated for demolition and shoreside power modifications. The total source of funds would be approximately \$60.8 million for Phase 1 total project costs of approximately \$75 million. Phase 1 would include demolition of Pier 27 and construction of a new core and shell that would be used as an event space. Other tenant improvements would have to be financed (and later removed) by the Authority. Phase 1 would not, for example, include the internal Customs and Border Patrol offices, a mobile gangway and other improvements that are required for a new cruise terminal facility. There would also be approximately \$7.5 million investment in assuring an interim Northeast Wharf Plaza during the America's Cup event. Port staff will develop a funding strategy to resolve the \$14 million shortfall to Phase 1 in the near term. A potential funding source could be IFD proceeds from other Port development projects.

Phase 2 would require additional funds to complete the structure as a functioning cruise terminal and re-establish shoreside power. These additional terminal costs are estimated at \$32.2 million. Depending on yet-to-be-determined public plaza design features, there could be an additional \$6.8 million to complete the Northeast Wharf Plaza. The total Phase 2 costs are estimated at \$39 million.

To pay for these Phase 2 improvements, Port staff proposes the following possible funding sources: 2013 General Obligations Bond, a contribution to the terminal operator in exchange for purchase and installation of a mobile gangway, Federal security grant funds, and passenger facility charge. These sources are preliminarily estimated at approximately \$32 million.

As indicated on Table 2, there still is a potential funding gap of approximately \$21.5 million. Port staff will continue to refine the project funding program in the next coming months.

Table 2: Sources and Project Shortfall

Sources	
2010 Port Revenue Bonds	\$10,139,456
Watermark Sale Proceeds	19,611,633
Deferred Land Sale Proceeds	<u>324,000</u>
Subtotal	\$30,075,089
2012 Port Debt Contribution	\$15,000,000
Additional Interest Earnings	500,000
FY2012/13 Capital Plan allocation	<u>1,225,000</u>
Subtotal Port Sources	\$46,800,089
General Obligation Bond 2013	\$14,348,381
City Contribution	6,500,000
Event Authority Contribution	7,500,000
Metro Contribution	2,750,000
Security Grant	10,000,000
Facility Charge	<u>4,694,000</u>
Subtotal Non-Port Sources	\$45,792,381
Total Sources	\$92,592,470
Total Uses	\$114,095,757
Shortfall	(\$21,503,287)

Table 2.1

<u>Sources: Phase 1 (Core and Shell)</u>		
Existing Funding	\$	30,075,089
Port Capital Budget		<u>1,225,000</u>
New Debt to be issued:		
City		6,500,000
Port of San Francisco*		15,500,000
Event Authority		<u>7,500,000</u>
Subtotal		60,800,089
<u>Uses: Phase 1</u>		
Demolition & Shoreside Power		7,500,000
Core and Shell		60,000,000
Plaza Site Preparation/Improvements		<u>7,500,000</u>
Subtotal		75,000,000
Phase 1 Shortfall		(14,199,911)
<u>Sources: Phase 2 (Project Completion)</u>		
2013 General Obligations Bond		14,348,381
Tenant Procurement		2,750,000
Federal Security Grant		10,000,000
Passenger Facility Charge		<u>4,694,000</u>
Subtotal		31,792,381
<u>Uses: Phase 2</u>		
Cruise Terminal Completion		32,247,376
Plaza Completion		<u>6,848,381</u>
Subtotal		39,095,757
Total Sources:		92,592,470
Total Uses:		114,095,757
Shortfall:		(21,503,287)

**Includes additional interest earnings of \$500K.*

NEXT STEPS

The Pier 27 cruise terminal project is subject to fiscal feasibility approval from the Board of Supervisors. Port staff will submit a revised Fiscal Feasibility report to the Board based on the scheme authorized by the Port Commission at its December 14, 2010 meeting.

As noted above, the trajectory of the cruise terminal project is intertwined with the City's America's Cup bid. A decision on the HCA and the selection of San Francisco is expected by the end of December 2010. If Golden Gate Yacht Club accepts the Northern Waterfront Alternative for hosting the 34th America's Cup, Port staff will commence immediately to implement the Port Commission's direction to build a cruise terminal and share the facilities with the America's Cup event.

RECOMMENDATION

Over the past couple of decades, the Port's attempts to build a new cruise terminal for San Francisco as a private development project have failed. In 2007, the Cruise Terminal Advisory Panel recommended that the most cost-effective site was Pier 27. Through its Design Team, the Port staff has presented to the Port Commission a conceptual design option to retain the Pier 27 shed and another to demolish it and build a new facility. Based on comments received from stakeholders, Port staff recommends a new 96,000 square foot cruise terminal (Scheme B2) as the most operationally-efficient option, but recognizes the risk of the overall total project cost. The emergence of the City's Northern Waterfront Alternative proposal for hosting the 34th America's Cup presents a possible "win-win" solution under which the core and shell of the new terminal would be built for use as an event space for the Authority's use in 2013 and then completed thereafter for cruise use.

Port staff recommends approval to initiate schematic design work on Scheme B2, an option that would create a new 96,000 square foot terminal building at Pier 27. If approved, the Design Team would commence design work in January 2011.

Prepared by: John Doll, Project Manager, Planning & Development
Kim von Blohn, Project Director, Engineering

For: Byron Rhett, Deputy Director, Planning & Development
Ed Byrne, Chief Harbor Engineer, Engineering
Peter Dailey, Deputy Director, Maritime

Attachments:

Scheme B2 – Contextual Site Plan
Scheme B2 – Ground Floor Plan
Scheme B2 – Second Floor Plan + Mezzanine
Scheme B2 – Exterior Renderings

Appendix A: Category 1 and 2 Program Elements

Table 1: Breakdown of Category 1 Costs (estimated upgrades required by opening day)

1. Mobile gangway
2. Security hardware/software equipment
3. Firewalls/fireproofing
4. Voice and data cabling and terminations
5. Shoreside power modifications
6. Minimal substructure repair
7. Floating fenders and bollards
8. Minimal regrade of ground transportation area and minimal storm drain improvements
9. South wall of retained portion of Pier 27 shed
10. Tie in utilities to Pier 29 for retained portion of Pier 27
11. Architectural enhancements

Total Construction Cost = \$15.5 million Schemes A, B & B2

Table 2: Breakdown of Category 2 (possible phased-in upgrades after opening Day)

1. CCTV in ground transportation area
2. General exterior lighting upgrade
3. Additional lighting in ground transportation area
4. Additional selective repair to substructure
5. Fixed cone corner fenders
6. Additional escalator for Scheme A (to allow one dedicated to upward traffic and the other to downward traffic)
7. Digital signage
8. Canopy to replace existing canopy adjacent to building (Scheme A only)
9. Canopy at bus drop off up to curbside or loading dock side
10. Metal columns covers for Scheme B
11. Canopy at taxi stand
12. Add 2 elevators and 2 escalators for Scheme B (results in two circulation cores each with 2 escalators and elevators)

Total Construction Cost = \$ 4.8 million Scheme A

\$ 5.4 million Schemes B & B2

Appendix B

Selected excerpts from the Cruise Terminal Design Steering Committee:

David Wessel stated:

"Because the pier shed is not an historic building, there is significant latitude for redesign. I see no problem with a plaza at the proposed location where the bulkhead would be removed. However, I believe the design team should bare in mind the cadence of the historic bulkhead buildings along the Embarcadero, and find some way to acknowledge the visual rhythm of these structures. Perhaps some reference to the removed bulkhead in the plaza hardscape would be appropriate.

I understand that a portion of the pier shed may be retained and renovated, or that it may be removed and a new building constructed. Some basic design criteria for the new or existing building is as follows.

In the adaptive reuse design, the open truss work, large central open area, exposed roof deck visible from the waiting area, and other existing architectural elements are juxtaposed with interventions constructed of contemporary industrial type materials to create new spaces both within and without the existing pier shed. It is this contrast of new and existing that will communicate to visitors both the important past of the place and the present."

Howard Chabner stated:

"The operational superiority of a new building seems clear.

- The existing building has a 4½ foot change in level from the vehicular drop-off/pickup area to the building entrance. This presents a major challenge, especially for dropping off disabled people, and its solution would take up valuable space and would still be far from ideal. A new building would have no change in level, and the drop-off/pickup area would have an airport type of design that would be more efficient for everyone, more accessible for people who use wheelchairs and those with other mobility impairments, provide better way-finding for blind people, and probably be safer for all.
- A new building would have a thinner footprint. Among other things, this would provide more space for the vehicular drop-off/pickup area. A more efficient drop-off/pickup area would not only be better for passengers and cruise ship operators, it would also be better for the neighborhood and the waterfront in general because it would reduce traffic congestion, waiting times and the potential need to bus passengers in from off-site.
- The thinner footprint of a new building would also allow larger outdoor spaces.
- A new building would have two full stories, whereas using the existing shed would not allow a full second story because of the trusses. Having a real second story would be more efficient for embarking and disembarking cruise passengers, and for handling baggage. For example, it would accommodate a state-of-the-art automated gangway system.

- A new building would have more elevators than would be possible in a renovated old building. This would be especially important for passengers with disabilities. (I use an electric wheelchair and can attest to how having large elevators, and having more rather than fewer, makes a huge difference in efficiency, accessibility, equality, universal design and overall pleasantness in spaces with many people, such as airports, train stations and shopping malls.) But it would benefit both disabled and able-bodied people. Also, the advantages of having more elevators will only increase as the population ages.
- Having more elevators would also enable better traffic flows for cruise passengers who want to retrieve their own baggage upon disembarkation.
- Although both schemes could accept solar panels, a new building would be better able to obtain a higher LEED certification, and at less cost.
- A new building's operational efficiency would result in lower operating costs both for the Port and for cruise ship operators. The latter would be an advantage in the Port's competition with other cities.
- A new building would be better able to be renovated and/or expanded in the future to accommodate changes in the cruise industry.

There don't seem to be any operational benefits in retaining the existing shed. Rather, the arguments for renovating it are based solely on aesthetics, historical value and construction cost. Beauty is in the eye of the beholder, certainly, but I believe the existing building is ugly and no amount of "lipstick" could really transform it, no matter how talented and creative the architects and designers.

- It has been pointed out that for many passengers, the cruise terminal will be the first building they see up close upon arriving in San Francisco. It will leave a lasting impression. A beautiful building will not only be delightful and impressive in its own right, but it could well become one of our City's landmarks. Renovating the old shed just doesn't have the same potential.
- In a new building, the roof can have openings and skylights, providing abundant natural light. Renovating the old shed would not afford nearly as much natural light.
- In a new building, the waiting area would be on the second floor and there would be beautiful views and plenty of natural light. The existing building would have no second floor and the views would be limited.
- The roof of a new building would be more attractive when viewed from above, both from the upper decks of cruise ships and from other buildings in San Francisco."
- A new building would permit greater flexibility in designing the public open spaces and would enable better integration between the building and the open spaces. Since it is anticipated that full development of the open spaces would probably not take place until well after the cruise terminal is completed, this is an important factor.
- Whether or not they technically qualify as historic resources, buildings should never be demolished without considerable thought. San Francisco and other cities have many examples of creative adaptation and reuse of beautiful, historic buildings. For example, Gae Aulenti's adaptation of our library building into the

SF Asian Art Museum is both beautiful and functional. The Ferry Plaza itself is another great example of preserving beauty and improving function. In these cases the existing buildings were worth preserving for both aesthetic and historical reasons, and they could be preserved without compromising function. The original buildings were aesthetically pleasing and distinguished. The Pier 27 shed, by contrast, just isn't."

Appendix C: Northeast Wharf Plaza

Table 1: Breakdown and Total Cost of Potential Northeast Wharf Plaza Improvements

1. Hardscape and amenities at Main Event plaza space
2. Main circulation hardscape
3. Softscape and amenities at multi-use recreation space
4. Miscellaneous landscaping
5. Beltline piazza
6. Gatehouse
7. Retail buildings / kiosks
8. Improvements to historic Beltline building
9. Premium for architectural quality fencing and gates

Deduct for baseline plaza improvements (\$1.2 million plus markup for LEED/Escalation/Contingency) = \$ 1.5 million)

Total Construction Cost	\$	9.2
<i>In millions</i>		

Construction Contingency	15.0%	<u>1.4</u>
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Adjusted Total	\$	10.6
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Program Reserve	4.0%	<u>0.4</u>
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Total Construction + Contingency Costs	\$	11.0
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Design, Engineering, Project Management and Entitlement ("Soft Costs")	30.0%	<u>3.3</u>
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Total Project Costs	\$	14.3
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**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 10-80

- WHEREAS, Mayor Gavin Newsom established a blue-ribbon Cruise Terminal Advisory Panel in 2006 to evaluate the necessity of a new cruise terminal and its value to San Francisco and, if determined necessary and valuable, where that new terminal should be located such cruise terminal location considerations to be based on cost considerations and maritime functionality; and
- WHEREAS, The Port Commission accepted on September 27, 2007 the Cruise Terminal Advisory Panel recommendations to develop a single-berth primary cruise terminal at Pier 27 ensuring that this facility meets all of the industry standards for a home port cruise terminal; and
- WHEREAS, Port staff presented information to the Port Commission on October 28, 2008 regarding a consultant study determining the feasibility of cruise terminal site plan alternatives at Pier 27; and
- WHEREAS, On June 9, 2009, by Resolution No. 09-33, the Port Commission authorized Port staff to enter into a Memorandum of Understanding with the San Francisco Department of Public Works to assist the Port by providing Project Management Architectural and Engineering Services for the Pier 27 Cruise Terminal Project ("Project"); and
- WHEREAS, On July 14, 2009, by Resolution 09-39, the Port Commission approved issuance of Port revenue bonds of which \$22 million of revenue bond proceeds from two separate bond issuances was identified for partial funding for the Project; and
- WHEREAS, On November 10, 2009, by Resolution No. 09-70, the Port Commission awarded a design contract to a joint venture team of KMD Architects and Pfau Long Architecture in coordination with Bermello Ajamil & Partners as the Cruise Terminal Specialty Consultant ("Design Team"); and
- WHEREAS, Port staff presented information to the Port Commission on July 13, 2010 regarding conceptual design options for the Cruise Terminal; and
- WHEREAS, On November 30, 2010, by Resolution No. 10-73, the Port Commission authorized Port staff to forward both a Host City and Venue Agreement ("HCA") among the City, the America's Cup Event Authority and the San Francisco America's Cup Organizing Committee for the 34th America's Cup ("Authority") as well as a Northern Waterfront Alternative to the HCA involving the use of Piers 19-29 as potential event venues to the Board of Supervisors for approval, and, if so approved, authorized the Port

Executive Director to execute a final host city agreement which may include a Northern Waterfront Alternative involving the use of Piers 19-29 as potential venues; and

WHEREAS, Under the Northern Waterfront Alternative of HCA, a core and shell of a cruise terminal would be built at Pier 27 for use as a temporary event space for Authority's use and thereafter improvements would be completed for use as a cruise terminal and would require an accelerated design and construction schedule and an Authority financial contribution to the Pier 27 core and shell building; and be it further

RESOLVED, That the Port Commission hereby authorizes Port staff and its Design Team to initiate schematic design on Scheme B2, an option that would create a new 96,000 square foot terminal building at Pier 27 to accommodate the accelerated design and construction schedule necessary should the Board of Supervisors approve the Northern Waterfront Alternative.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 14, 2010.

Secretary

SAN FRANCISCO PORT COMMISSION

**MARCH 22, 2011
MINUTES OF THE MEETING**

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**MEMBERS, PORT COMMISSION
HON. KIMBERLY BRANDON, PRESIDENT
HON. ANN LAZARUS, VICE PRESIDENT
HON. FRANCIS X. CROWLEY
HON. LESLIE KATZ**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MARCH 22, 2011

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:35 p.m. The following Commissioners were present: Kimberly Brandon, Ann Lazarus, Francis X. Crowley and Leslie Katz.

2. APPROVAL OF MINUTES - March 8, 2011

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; the minutes of the March 8, 2011 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

At 2:36 p.m., the Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: AB 4052; 4111, lots 3 and 4; also known as Pier 70 Waterfront Site, located near the intersection of 22nd Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Forest City Development California, Mission Bay Development Group, San Francisco Waterfront Partners, and TMG Partners/the Sobrato Organization

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Lazarus made a motion not to disclose any information discussed in executive session. Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Devices During the Meeting

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

A member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE DIRECTOR'S REPORT

Executive Director Monique Moyer reported that Joey Alioto, co-proprietor of Alioto's #8, passed away on March 21, 2011. Joey has had a long bout with cancer. There will be a funeral mass for him on Wednesday, March 30, 2011 at 10:15 a.m. at St. Peter's and Paul in North Beach. We extend our condolences to his wife Judy, his kids and the Alioto family.

8. PLANNING AND DEVELOPMENT

A. Informational presentation on Schematic Design for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project at Pier 27.

Kim von Blohn, Project Director, indicated that in December 2010, the Port Commission approved initiation of design work on Scheme 2B, an option to create a 96,000 s.f. two story terminal. Ryan Stevens and Peter Pfau of the joint venture KMD/Pfau Long design team will present the schematic design of the cruise terminal and the Northeast wharf plaza. Dan Hodapp from the Port's Planning & Development division will discuss the public outreach process staff has undertaken to inform the public. Concurrent with the Port Commission's approval to commence schematic design of the terminal, the Board of Supervisors approved the City's bid to host the 34th America's Cup (AC34) in San Francisco. This presented a win-win situation for the project.

Under the Host & Venue Agreement, the America's Cup Event Authority will be responsible for the demolition of Pier 27, 29 and relocation of the shore power system. The City would then construct the core and shell of the cruise terminal. Subject to completion of the environmental review under CEQA, certification of the final EIR and approval of the AC34 project by the end of 2011, the first phase of the site work will commence in early 2012 and consist of demolition of Pier 27, the north part of Pier 29 and finally construction of the core and shell of the terminal building. The AC34 event will be the first of many special events which would eventually help fund the project. After the conclusion of the race, the Port will begin the second phase to build out the remaining portions of the cruise terminal building which includes the Customs Border Patrol, the security rooms and the security detection systems. We will install the specialized marine equipment which includes a mobile gangway system, new special bollards for the larger sized ships and a floating fender system. In addition, the Northeast wharf plaza will be completed as well as the ground transportation area.

Peter Pfau indicated that Pier 27, a long shed which is a non-historic structure, will be demolished. In the center of the triangle, referred to as the valley, will become the ground transportation area (GTA). Adjacent to that is Pier 29 which will be partially demolished by the America's Cup Authority. The front of the site is removed and dedicated to the Northeast Wharf plaza, a significant public amenity that will connect to a series of parks and walking promenade of the Embarcadero. The terminal locates itself on the site in relation to the ships. There's been a great deal of analysis of the different vessels that call at the Port and careful positioning of the terminal and the gang plank in relation to the fleet of ships that would call at the Port. To understand the working of the building, there are two modes: Debarkation mode where people arrive by vessel. They come into the upper floor of the building and the second floor has a screening area. The passengers will come off the gang plank into the Customs Border Protection (CBP) area where they are screened just as they would at the airport. They go down an escalator and arrive at the baggage handling area. The baggage handling is done manually. There are no conveyor belts like the airport. They lay it down and they will be directed to their baggage. At the end of the concept phase, they chose a larger laydown area that addresses the 4,000 passenger vessels that will call at the Port. People will proceed out into the GTA just like at the airport. They will engage private vehicles, cabs, busses to connect with the city. Embarkation mode – they arrive from the neck of Embarcadero. The transportation neck at the Embarcadero is quite slim. That is a product of an effort to minimize the impact of traffic in the Embarcadero. A great deal of traffic study has been done. Private vehicles can drop off passengers directly in front of the building. The lobby is directly forward on the site next to the Northeast Wharf Plaza. Baggage would be taken to the back of the building by baggage handlers. People would go directly up to the second level where security screening takes place and into the yellow waiting area before boarding the vessel. Both of these spaces (upstairs and downstairs) have

also been optimized for event use. There is a consideration of how these spaces can also be used for those days of the year when the cruise terminal is not in operation. This offers large open spaces that are beneficial for event rental use.

Developing the design, they start from thinking about the base of the building as a working Port building as part of the working waterfront. It has forklifts, loading stuff in and out of it. It's a high use area. That's the starting point for the design as a working base for the building. They see that as a connecting in language to some of the working piers which have a pattern of doors. They have a horizontal siding that relates to the horizontal siding of some of the wood building in the area and give some pattern to the skin of the building. We transformed the building to receive passengers. It's about people arriving and leaving the city. It's about maximizing the views towards the bay, which are exciting views towards the vessel that's arrived and also maximizing views back towards the city which are quite exceptional from the site. Above the working base is "where-the-people-are-zone," which is very glassy and it's all about the transportation experience and connecting the waterfront and the city.

On top of that is the roof, a concept design that shows a simpler flat roof. One of the things extremely important to this building is that not only does it have four facades that relate to the urban environment around it but it also has the 5th façade which is very visible from the hills of San Francisco looking down on it. It's important that the building be beautiful from above as well as down the street level. It's important to create a minimum LEED silver building but are hoping to achieve better than that. Day lighting is extremely important to minimize the needs of electrical and lighting systems. We are looking at rain water harvesting on the site. It's possible that the roof can be shaped in a way that will allow rain water harvesting and showcase that as a part of the building so people can see that we are harvesting water and using that to water the park. One of the great opportunities at the site is for on-site power generation. We are hoping to work with PUC to make it possible. We began to think about the roof as something that has some movement to it much like the ocean nearby that has a flowing form. That could help with the drainage needed for rain water harvesting which makes a cost effective roof. There are two pieces of the roof that move slightly differently that mimics the motion of the water in the bay which leads to the roof form in the schematic design. There are two roof forms split apart allowing light to the upper area which is both the waiting area and the view area or an event space. You can get a sense of that looking from the valley towards the building. It creates a rain fly for the GTA allowing people to get in and out of vehicle on a rainy day.

Ryan Stevens indicated that the next component of the project is related to the overall site development. At the end of the concept design phase, they talked about a number of different alternatives to develop the overall site. In addition to the GTA, there is a large public open space. They've considered

several different ways of thinking about public open space and each of them tries to create a front for the building as well as a public amenity along the Embarcadero. They've chosen the second scheme, previously called the triangle, which provides the state mandated public open space, a large green area along the Embarcadero labeled as the Northeast Wharf Plaza and organizes the buildings around those elements. The Northeast Wharf Plaza is a large green area, ample enough to have a variety of activities in it such as pickup games, etc. Centered around the building is a major plaza. Part of the overall plan is to connect the building back to Embarcadero and create a true front door for the building. At the same time, recognizing that the building has multiple sides. While it has a front portion of the building that faces towards the green, the GTA area and the arrival sequence is very much part of the experience of approaching the building. There is a notion that the public plaza would extend back through along the face of the building in the area which during cruise days is used as a drop off area. In situations where the building is not being used as a cruise terminal, it has a potential of being used for other kinds of functions. Also it serves to connect the front portion of the site back to the water's edge.

They considered the belt line building and its role in the overall composition of the face along the Embarcadero. They talked about the area and the zone around that building and called it the belt line plaza area. There's an opportunity around and adjacent the belt line building to create a sense of activity, with a little bit more intimacy. There is an opportunity to house other kinds of functions as time goes on ranging from areas that might be nothing more than gathering places and shelter as well as possibly other venues in the future. A big component of this is the GTA area, the valley, envisioning ways to create a sense of place there. This will take on many different uses during moments when it isn't in operation as the cruise ship terminal. This is an area where the busses will be located and yet it's a very important element of this site. There will be a very large open space, green area facing the Embarcadero. There will be a series of plaza areas that are connected to the building and back to the Embarcadero and the entire composition extends its way back to the water's edge in the back and hopefully ties in the entire site together. Kim showed a rendering of the rocket at the beginning of his presentation. The rocket ship is a notion that somewhere along the line there might be some component of public art that plays a role in the overall composition of this project.

Peter Pfau indicated that when a ship is in port, the poles adjacent to the ship will have a fence that will be secured providing a secured perimeter that CBP requires. On non-cruise days that could be open and public access could be provided along the apron.

Ryan Stevens showed a series of images of the building in that context. It shows the lobby area where people enter the building and proceed up to the upper floor for the disembarkation process. The operable gates will be closed

during cruise operations and can fold back that can provide a good connection between the waterfront and the plaza.

Peter Pfau indicated that the baggage handling area in its life as an events place has a potential in the ground floor to open up and engage the public parks space. There's a notion about the whole building being able to connect to that use.

Ryan Stevens showed a picture showing a view of the building and its relationship to the ship and the plaza.

Peter Pfau noted that the object sitting in front of the lobby is a series of barrels that contain the rain water harvested from the roof. People in the lobby will be able to see one of the sustainable features of the building.

Dan Hodapp provided an update on the presentations to the public on the cruise terminal and the Northeast Wharf Plaza project. Port staff and the consultant design team presented the concept design to the Port Commission in July 2010. That was followed up with a public workshop. Staff sent out 3700 invites and had a good turnout. A steering committee meeting was held and staff spoke to the Citizens Advisory Committee about the project. They listened to the public and learned a lot of things. The presentation today reflects some of the changes and some of the development that have been made since that time. In December 2010, the Port Commission approved the design team proceeding with the schematic design phase. In the next couple of months, we plan to publicly present the project to the cruise terminal steering committee. We will be doing architectural design review with the Port's Waterfront Design Advisory Committee and BCD's Design Review Board at a joint meeting tentatively scheduled for May 9, 2011. We will again be holding a public workshop tentatively scheduled in early June. We will keep our CAC up to date with information in the process and informing them of the best places to do public comments on this project. We anticipate coming back to the Port Commission in April to request approval to proceed with the next phase of the design known as design development and to review project budget. At the completion of the design phase, we will again present the project to the Port Commission to see where we've come and how we're proceeding as we move along.

Commissioner Lazarus asked about the roof. As Mr. Pfau referred to the fact that there are amazing views from down there, she asked if any thought was given or is there any ability to make the roof accessible or is it going to largely serve the functional purpose of rain water collection, etc.

Peter Pfau replied that they had a fairly amount of discussion on that subject. One of their constraints is that they are working with an existing pier structure and only have a certain capacity that can be transferred to the substructure.

When they started thinking about creating the loading of a walking or park surface out there, it's not something that is practical.

Dan Hodapp indicated that there is a two-level terminal for most of the terminal. There is one section where it is only a one-level building. There is a space on the northern end, further out of the terminal where it is one level where the second level space walks outdoors or it has the ability. It's not in the plans right now because of the budget we're working with but it's being designed so that if the team decides it's a good thing to proceed with, it could have an outdoor deck on the second level that accesses the waiting area which also gets used for special events. There is a possibility to do that in the project. It is not included in the project budget at the moment but it is being set up to accommodate it.

Peter Pfau added that it's in a great location with a view out towards the bay.

Commissioner Katz asked about the size of the waiting area that's also envisioned as an event space. Peter Pfau replied that it's about 20,000 s.f.

Going back to Commissioner Lazarus' earlier point of having the second deck, Commissioner Crowley asked for confirmation that the load capacity is there but just in a smaller version. Peter Pfau replied that's the case where we only have a single floor so that we are not loading two floors.

In terms of the narrow ingress and egress for cars, Commissioner Katz asked if that's the only location where that could take place. The reason she asked is that there looks like a traffic signal at the other side.

Dan Hodapp replied that the vehicle entrance and exit is located along the Embarcadero at one location and was done very intentionally. It's not located at an intersection. This is something we've learned from the review of other projects along the waterfront both from the previous Mills project and the Exploratorium project. We've had a lot of public input on those projects about maintaining safety for pedestrians, cyclists and not stopping traffic to the maximum extent. This particular entry and exit is designed to be right turn in, right turn out. It's controlled by a person standing there with an orange vest on; there's no high tech crosswalks. It does not interrupt the Embarcadero promenade. It's not a driveway cut through it. It's a condition where vehicles mount over the promenade, where someone is standing there whenever a ship is in or whenever a significant event is going on. After looking at many different options for how to control traffic, whether it's blinking lights, arms come down, controlled intersections, this is what it came back to. It was partly in response to if we did the entrance at a signalized intersection when the light turns green for vehicles exiting the terminal, they don't see pedestrians, they just go. We were concerned that we are setting up for an accident in that case. This has been reviewed by traffic engineers from DPT and DPW.

Commissioner Brandon asked about the budget. As far as the current expense, she asked if we are still in line since the last presentation was made or has the budget increased.

Kim von Blohn replied that we didn't present the budget at this time. The last budget was presented in December 2010, a copy of that staff report is attached to the current staff report. We've just completed the schematic design and we're just going through the initial review of the cost estimate. It's too early to comment whether it's going up or down at this point.

Commissioner Brandon asked if we found any additional money for the project.

Ms. Moyer replied that the answer is no and added that we've asked additional sources but we have not received a yes yet.

Commissioner Brandon indicated that the demolition of a portion of Pier 29 is different from the last presentation. She asked why the decision was made to demolish part of Pier 29.

Kim von Blohn replied that the demolition of a portion of Pier 29 is part of the AC34 program. Their plan at the north end of the facility is to have a spectator area for the start and finish line of the race. Pier 27 is their plan for the beginning and the end of the race. It's a beautiful area they've created out there and it gives the Port some opportunity for future use of that space.

Commissioner Katz asked about the complimentary use with the America's Cup if there any aspects of design that would make sense to incorporate for America's Cup or not.

Dan Hodapp replied that the project is being accelerated to accommodate America's Cup and the shed at the end of Pier 27, the remainder of which we originally didn't anticipate pulling down is being removed for that spectator function and the squaring off of Pier 29 at the end. The end of Pier 29 had a historic structure in the National Register of Historic District and had already been compromised back in the 60's when the shed for Pier 27 was added on. It's being squared off in a manner that we hoped to be consistent with the Secretary of Interior Standards. That area is being cleared. That's the accommodation that's being made out there. With regards to the actual construction of the terminal, there is nothing being done differently to the terminal specifically for the America's Cup. Rather, it's being put there for their use at that time. They may request some minor additions with utilities and other things which we will ask them to finance. We have been meeting with them to ascertain if anything may need to happen to the project for that use.

Monique Moyer added that everything we're talking about is all speculative because we are just now embarking on environmental review. Those two projects have been joined and both have to undergo environmental review. What we are proposing, even including the back of Pier 29, will be analyzed according to the CEQA process. There are still changes that could come out of that process. The schematic design is something that we would like to show the Commission so it can be analyzed as part of the CEQA process.

9. NEW BUSINESS

10. PUBLIC COMMENT

11. ADJOURNMENT

ACTION: Commissioner Katz moved approval to adjourn the meeting in memory of Joey Alioto; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 3:48 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Ann Lazarus, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, APRIL 12, 2011

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - March 22, 2011
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION
 - A. Vote on whether to hold closed session.

04-08-11P01:47 RCVD

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An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action)
 - a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- City and County of San Francisco by and through its Port Commission vs. Carl Ernst, Jr., an individual and Does 1 to 10; Superior Court of California, County of San Francisco (CUD 09-631352)
- City and County of San Francisco v. Carl Ernst, Jr., and Pier 38 Maritime Recreation Center, Inc.; Superior Court of California, County of San Francisco (Case No. CUD-07-621476)
- Carl Ernst, Jr. vs. Monique Moyer, The San Francisco Port Commission, The Port of San Francisco; The City and County of San Francisco and Does 1 through 20; Superior Court of California, County of San Francisco (CUD 10-501887)
- In re Pier 38 Maritime Recreation Center, Inc. (Debtor), U.S. Bankruptcy Court, Northern District of California, San Francisco Division, Chapter 7 (Case No. 07-31444 DM), and Pier 38 Maritime Recreation Center, Inc. and Carl Ernst Jr. v. City and County of San Francisco; Port Commission of San Francisco (Adversary Proceeding No. 07-31443), and City and County of San Francisco by and through its Port Commission v. Andrea A. Wirum, Trustee of the Bankruptcy Estate of Pier 38 Maritime Recreation Center, Inc. and related counterclaim Andrea Wirum, Trustee v. City and County of San Francisco (Adversary Proceeding No. 10-3271)

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330
Person Negotiating: Port: Jonathan Stern, Assistant Deputy Director, Planning and Development, and Brad Benson, Special Projects Manager
*Negotiating Parties: America's Cup Event Authority, LLC: Stephen Barclay, Craig Thompson and Patrick Jost

Under Negotiations: Price Terms of Payment X Both
 An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- Opening of Salmon Season – April 2, 2011
- San Francisco Heritage Soiree/Port City Presentation – April 9, 2011
- 2011 San Francisco Business Times Awards:
 - America's Cup, *Deal of the Year*
 - Michael Cohen, *Deal Maker of the Year*
 - Exploratorium, *Finalist, Best Private/Public Deal of the Year*
 - Pier 24 Pilara Collection, *Finalist, Best Rehabilitation/Renovation Deal of the Year*
 - LaFitte, *Best New Restaurant, San Francisco*
- Earth Day – April 22, 2011
- Disney Cruise Line 6 New Port Calls: May 15-16, 2010; September 13-14, 18-19, & 25-26, 2012; October 2-3 & 9-10, 2012
- Update on the Downtown San Francisco Ferry Terminal Expansion Project

- B. Request approval to execute a Memorandum of Agreement with the San Francisco Bay Conservation and Development Commission ("BCDC") for staffing costs associated with the Port of San Francisco's proposed amendment to the BCDC Special Area Plan for the San Francisco Waterfront for the proposed Pier 27 Cruise Terminal and the 34th America's Cup. (Resolution No. 11-23)

8. CONSENT

- A. Request authorization to amend contract with Langan Engineering and Environmental Services, Inc. to provide additional environmental investigation and related consulting services for the Pier 70 Master Plan Area, and to increase the contract amount by \$387,697 (or 22.5%) to \$1,719,969, with no change to contract term. (Resolution No. 11-16)
- B. Request authorization to award Construction Contract 2727, Pier 43 Bay Trail Link Project, to Vortex Marine Construction, Inc. in the amount of \$6,383,000, and to create a contract contingency fund of 10% of the contract amount (or \$638,300) for unanticipated contingencies. (Resolution No. 11-17)
- C. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract amount by the sum of \$106,945 to \$853,428, and for a contract contingency fund of 10% of the remaining contract amount of \$107,700 (or \$10,770). (Resolution No. 11-18)
- D. Request authorization to award Construction Contract No. 2741, Marine Structural Projects III, to West Bay Builders, Inc., in an amount not to exceed \$1,325,000, and authorization for a 10% contingency fund of \$132,500. (Resolution No. 11-19)
- E. Request approval of resolution authorizing the Port Executive Director to execute a revised Memorandum of Understanding (MOU) with the Controller of the City and County of San Francisco to reimburse the Port for revenue lost due to hosting the 34th America's Cup. (Resolution No. 11-20)

9. PLANNING AND DEVELOPMENT

- A. Request approval to award the Pier 70 Waterfront Site development opportunity to Forest City Development California, Inc. and to enter into exclusive negotiations for a lease and development agreement of 25 acres to achieve the objectives specified in the Port's August 30, 2010 development solicitation for the site. (Resolution No. 11-21)

- B. Request approval to enter into a First Amended Memorandum of Understanding ("Amended MOU") for Design Development with the San Francisco Department of Public Works (DPW) to extend the scope of work from Schematic Design through Design for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project"); and

Request approval to increase fees for the design contract with the joint venture of Kaplan, McLaughlin, Diaz and Pfau Long Architecture in the amount not to exceed \$1,950,161 to extend the Project scope of work from Schematic Design through Design Development, and seek an additional authorization for a ten percent contingency in the amount of \$195,016 in the event of necessary change orders; and for \$264,893 for retroactive design costs as described herein for a total contract authorization of \$2,410,070; and to extend the term of the Agreement to July 31, 2011 and;

Request approval for the Port staff to utilize the Integrated Project Delivery approach for the procurement of Project construction services; and authorize DPW to advertise for a Construction Manager/General Contractor for this purpose. (Resolution No. 11-22)

10. MARITIME

- A. Informational presentation on the Port's Maritime Industry Preservation Policy.

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational presentation of the *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco (April 26, 2011)
- Informational hearing on City implementation of the Local Hire Program (April 26, 2011)
- Request authorization to advertise for and accept competitive bids for the Joint Operations and Security Building Project, Contract No. 2745 (April 26, 2011)
- Request authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project (April 26, 2011)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (April 26, 2011)
- Request authorization to advertise for competitive bids for the construction of Heron's Head Park Improvement Project, Construction Contract No. 2749 (April 26, 2011)
- Request approval of a ten-year lease (L-14956) with Paul Johnson, an individual, dba Monterey Fish, of approximately 10,210 square feet of shed space for fish processing and wholesale at Pier 33 (April 26, 2011)
- Request approval to accept and expend 2007, 2008 and 2009 Supplemental Federal Port Security Grant Program Funds (April 26, 2011)
- Request approval to designate an Authorized Agent to apply for and accept funds from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 and under the California Disaster Assistance Act (April 26, 2011)
- Informational update on the Downtown San Francisco Ferry Terminal Expansion Project (May 10, 2011)
- Informational presentation on the determination of Fiscal Feasibility for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project (May 10, 2011)
- Informational presentation on the Seawall Lot 337 development project (May 10, 2011)
- Request authorization to award, subject to the Board of Supervisors approval, a five-year lease for surface parking and special events between the Port of San Francisco and China Basin Ballpark Company, LLC, Lease No. L-14980 for Seawall Lot 337, Pier 48 and portions of Terry Francois Boulevard bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay (May 10, 2011)
- Request approval of Lease L-14495 with Hornblower Yachts, Inc., a California Corporation, for a Term of Five Years with One Five-Year Renewal Option, for premises located at Pier 9 consisting of approximately 1,198 square feet of unimproved pier shed, 7,243 square feet of apron space and 24,470 square feet of submerged land (May 10, 2011)
- Request authorization to execute contract modification with Cochran, Inc. to extend substantial completion date by an additional 150 days, to March 30, 2011, for installation of a shoreside power system for cruise ships at Pier 27, Contract No. 2722 (May 10, 2011)
- Request authorization for the Executive Director to execute an Intergovernmental Cooperation Agreement with the Treasure Island Development Authority regarding

the development of the former Naval Station Treasure Island, located on Yerba Buena and Treasure Islands (May 10, 2011)

- Informational presentation on the Proposed Fiscal Year 2011-12 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 24, 2011)
- Informational Presentation on the Draft People Plan for the proposed 34th America's Cup Event (May 24, 2011)
- Request approval of proposed application to amend the San Francisco Bay Conservation and Development Commission's Special Area Plan for the San Francisco waterfront for the Pier 27 Cruise Terminal and the 34th America's Cup (May 24, 2011)
- Request approval of contract award of the Construction Manager/General Contractor for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project (May 24, 2011)
- Request approval of professional services contract with Media Relations in preparation for the Port of San Francisco's 150th Anniversary in 2013 and in anticipation of the 34th America's Cup being held on San Francisco's waterfront in 2013 for Media Relations Services (June 14, 2011)
- Request approval of Second Amended Memorandum of Understanding for Construction Drawings with San Francisco Department of Public Works to extend scope of work from Design Development to Construction Drawings (July 12, 2011)
- Request for authorization to award Construction Contract for Contract No. 2744, Roundhouse 2 Heating, Ventilation and Air Conditioning (HVAC) Systems Retrofit Project (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM MARCH 18, 2011 TO APRIL 7, 2011

- From Dennis MacKenzie, regarding San Francisco Unified School District Sports Management Career Pathway Academy
- From Monique Moyer, copy of a letter to Judy Alioto in memoriam for Joseph "Joey" Alioto
- From Monique Moyer, copy of a letter to Nunzio Alioto in memoriam for Joseph "Joey" Alioto
- From the Potrero Boosters Neighborhood Association, copy of their newsletter, The Potrero Community Voice

APRIL/MAY 2011 **CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC**

DATE	TIME	GROUP	LOCATION
April 26	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval to execute a Memorandum of Agreement with the San Francisco Bay Conservation and Development Commission ("BCDC") for staffing costs associated with the Port of San Francisco's proposed amendment to the BCDC Special Area Plan for the San Francisco Waterfront for the proposed Pier 27 Cruise Terminal and the 34th America's Cup

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Overview

On December 14, 2010, the Port Commission approved a concept design for the Port's proposed James R. Herman Cruise Terminal located along The Embarcadero at Pier 27 ("Pier 27 Cruise Terminal").

On December 31, 2010, the Golden Gate Yacht Club designated San Francisco as host city for the 34th America's Cup match and related activities ("AC34"). The 34th America's Cup Host and Venue Agreement ("HVA") by and among the City and County of San Francisco, the America's Cup Organizing Committee ("ACOC") and the America's Cup Event Authority, LLC ("Event Authority") was fully executed and became effective on January 4, 2011, subject to the City's environmental review of the AC34 project ("Project") under the California Environmental Quality Act ("CEQA"), certification of an environmental impact report, and approval of the Project.

Both the Pier 27 Cruise Terminal and AC34, as currently proposed, require amendments to BCDC's *Special Area Plan for the San Francisco Waterfront* ("Special Area Plan"), as further described in this report. The attached resolution would authorize Port staff to execute an agreement with BCDC to fund staffing costs associated with processing the Port's proposed amendment to the Special Area Plan (SAP) to facilitate the Pier 27 Cruise Terminal and AC34.

This Print Covers Calendar Item No. 7B

Background

The Port and BCDC have a long history of planning for waterfront improvements. Pursuant to the McAteer-Petris Act and the federal Coastal Zone Management Act, BCDC has jurisdiction over San Francisco Bay, the 100 foot shoreline band and most creeks, rivers, sloughs and other tributaries that flow into San Francisco Bay. BCDC policies and regulations address the following activities on Port property in its jurisdiction:

- Placement of fill;
- Creating maximum feasible public access as part of waterfront projects
- Creating major Bay public viewing areas in designated Open Water Basins and Open Water Areas
- Building or repairing floating, pile-supported or cantilevered structures over Bay waters
- Dredging, excavating or disposing of material in the Bay;
- Substantial changes in use; and
- Constructing, remodeling or repairing a structure.

As described in a BCDC staff report to its Commission, dated February 18, 2011, and attached hereto as Exhibit A:

“On July 20, 2000, at a joint meeting with the San Francisco Port Commission, the Commission adopted amendments to the SAP, the *San Francisco Bay Plan* and rescinded the *San Francisco Waterfront Total Design Plan*. The amendment process began formally in 1996 with input from a number of stakeholders, including Save the Bay, San Francisco Tomorrow and members of the communities surrounding the northeastern waterfront. The amendments to the SAP addressed the area between Pier 35 and China Basin and identified the location and conditions for the placement and removal of fill, made provisions for new public plazas and public access, designated areas as open water basins that emphasized views of the Bay and water recreation, prioritized and developed a strategy to achieve historic preservation, and provided policies regarding parking, transportation and waterfront design.”

Pier 27 Cruise Terminal and the 34th America's Cup

The Port proposes to develop the Pier 27 Cruise Terminal along The Embarcadero, as detailed in the December 14, 2010 and April 12, 2011 staff reports to the Port Commission. The HVA envisions that the Event Authority would demolish the entire,

existing Pier 27 shed and the intersecting portion of the Pier 29 shed consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. The Port would build the core and shell of the Pier 27 Cruise Terminal and deliver the premises to the Event Authority for use as the major spectator viewing and hospitality site for AC34 in 2013.

The BCDC Special Area Plan and the Port's Waterfront Land Use Plan envisioned a different mix of uses at Pier 27, focused on mixed-use recreation uses of Piers 27-29 with ceremonial and lay-berthing at the Pier 27 berth. The Special Area Plan envisions an important mix of public benefits at or near Pier 27, triggered by a major reuse of the Piers 27-31 area. These include:

- The Northeast Wharf Plaza, a two acre, triangular park that requires removing the front portion of Pier 27; and
- The Northeast Wharf Open Water Basin between Piers 19-27, including the removal of the easternmost 315 feet of the Pier 23 historic shed.

The Port's cruise terminal project team has endeavored to design the Pier 27 Cruise Terminal consistent with the Northeast Wharf Plaza design envisioned by the Special Area Plan. Based on early reviews of the project in conjunction with BCDC staff, Port staff recognizes that the essential proposed use of the Pier 27 berth for passenger cruise ships departs from the planned use for the area envisioned in 2001, and would conflict with the public viewing objectives and the public experience of both the Northeast Wharf Plaza and the Northeast Wharf Open Water Basin. Furthermore, the Port proposes to preserve the entirety of Pier 23, a contributing resource in the Embarcadero Waterfront National Register Historic District, which also would reduce public views afforded in the Northeast Wharf Open Water Basin.

To address these issues, Port staff proposes a package of amendments to the Special Area Plan designed to facilitate the Port's Pier 27 Cruise Terminal plan and to maintain an equal or greater level of public benefits envisioned by the Special Area Plan.

Additionally, the Event Authority proposes to utilize the Brannan Street Wharf Open Water Basin for temporary mooring of the 72' AC34 catamarans in 2013 leading up to the Louis Vuitton Cup (the America's Cup Challenger Series) and the AC34 Match. This temporary use of the Brannan Street Wharf Open Water Basin also requires an amendment to the Special Area Plan.

Port staff intends to bring the proposed amendments developed by Port staff to the Port Commission for its consideration at the May 24, 2011 meeting.

BCDC Plan Amendment Staffing Costs

BCDC's policies require applicants seeking to amend BCDC's plans to pay for BCDC staff time required to process and analyze the proposed amendment(s). Accordingly, Port staff request Port Commission authorization to enter an agreement with BCDC to pay for such costs. On February 18, 2011, BCDC authorized its staff to enter into such an agreement. The February 18, 2011 BCDC staff report is attached as Exhibit A.

BCDC has estimated the costs of this staffing at \$80,000, with a \$20,000 contingency. Based on Port staff analysis, we project that 80% of these costs will be billed to the Pier 27 Cruise Terminal Project and 20% of these costs will be billed to AC34. The funding source for the Pier 27 Cruise Terminal is CPO769. The Office of Economic and Workforce Development has proposed that the AC34 costs be reimbursed from the City's General Fund, and ultimately, private funding raised by the America's Cup Organizing Committee. This proposal will be considered by the Board of Supervisors when it considers the financial feasibility of the Pier 27 Cruise Terminal Project under Administrative Code chapter 29. Under the current schedule, the Board will hear this matter before the costs to be funded by AC34 are incurred.

Next Steps

Port staff recommends approval of the attached resolution. If approved, Port staff will execute an agreement with BCDC to reimburse Special Area Plan amendment costs arising from the Port's application.

Port staff will return to the Port Commission on May 24, 2011 with a presentation of the proposed amendments to the BCDC Special Area Plan.

Prepared by: Brad Benson, Special Projects Manager

For: Monique Moyer, Executive Director

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11- 23

- WHEREAS, On November 30, 2010, by Resolution No. 10-73, the Port Commission authorized Port staff to forward both a Host and Venue Agreement ("HVA") among the City, the America's Cup Event Authority ("Event Authority") and the San Francisco America's Cup Organizing Committee ("ACOC") for the 34th America's Cup ("AC34") as well as a Northern Waterfront Alternative to the HVA involving the use of Piers 19-29 as potential event venues to the Board of Supervisors for approval, and, if so approved, authorized the Port Executive Director to execute a final host city agreement which may include a Northern Waterfront Alternative involving the use of Piers 19-29 as potential venues; and
- WHEREAS, On December 14, 2010, the Port Commission authorized Port staff and its Design Team to initiate schematic design on Scheme B2, an option that would create a new terminal building at Pier 27 ("Pier 27 Cruise Terminal"); and
- WHEREAS, On December 31, 2010, Mayor Gavin Newsom executed the final Host and Venue Agreement among the City, the Event Authority and ACOC, pursuant to Board of Supervisors authorization provided by Resolution 0585-10, dated December 14, 2010, and San Francisco was subsequently selected as the Host City for the 34th America's Cup in 2013, subject to the completion of analysis required by the California Environmental Quality Act ("CEQA"), and the reservation of all discretion as the City possesses as lead agency under CEQA to approve, deny or alter the project; and
- WHEREAS, Under the Northern Waterfront Alternative of HVA, a core and shell of a cruise terminal would be built at Pier 27 for use as a temporary event space for the Event Authority's use and thereafter improvements would be completed for use as a cruise terminal and would require an accelerated design and construction schedule and an Event Authority financial contribution to the Pier 27 core and shell building; and be it further
- WHEREAS, Both the Pier 27 Cruise Terminal and AC34, as currently proposed, would require amendments to the San Francisco Bay Conservation and Development Commission's ("BCDC") *Special Area Plan for the San Francisco Waterfront*, adopted in May 2000 ("Special Area Plan"); and
- WHEREAS, BCDC requires that applicants must fund the staffing costs to analyze and process such BCDC plan amendment proposals; now, therefore be it

RESOLVED, That the Port Commission hereby authorizes Port staff to enter an agreement to fund BCDC's staffing costs associated with a Special Area Plan amendment for the Pier 27 Cruise Terminal and AC34.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request authorization to amend contract with Langan Engineering and Environmental Services, Inc. to provide additional environmental investigation and related consulting services for the Pier 70 Master Plan Area, and to increase the contract amount by \$387,697 (or 22.5%) to \$1,719,969, with no change to contract term.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

INTRODUCTION

The Port Commission, at its meeting on March 24, 2009, adopted Resolution No. 09-19, authorizing award of a contract for environmental investigation and related consulting services to Treadwell & Rollo, Inc. (now known as "Treadwell & Rollo, a Langan Company", referred to herein as "Langan"). The contract was awarded in the amount of \$1,249,802, with no contingency. Resolution No. 09-19 authorized a contract term of three years, with the option to extend the term, in the Port's sole discretion, in one year increments for up to two additional years. The contracted scope of work includes soil, groundwater and soil gas characterization within the Pier 70 Master Plan Area (Pier 70), human health and ecological risk assessment, evaluation of potential remedial alternatives, risk management planning, and related public and regulatory agency meetings.

During the course of Langan's environmental investigation and risk assessment between April 2009 and June 2010, the Port determined the need for additional investigation, coordination with PG&E regarding PG&E's concurrent environmental investigation on Port property and the adjacent former Potrero Power Plant site, and third-party review of

THIS PRINT COVERS CALENDAR ITEM NO. 8A

the Port's risk assessment for regulatory agency approval. At its meeting on August 10, 2010, the Port Commission adopted Resolution No. 10-58, authorizing an amendment to the Port's contract with Langan. Contract Amendment No. 1 increased the total contract value from \$1,249,802 to \$1,332,272, to provide for these additional services.

Langan has completed approximately 90% of the contract scope of work. The findings of the environmental site investigation indicate that two additional phases of work are required: 1) Development of a Remedial Action Plan for Pier 70, and 2) Investigation of contamination of sediment in the Crane Cove Park area of Pier 70.

To proceed with this additional work, Port staff request Port Commission authorization to amend the contract with Langan by increasing the contract amount by \$387,697. The proposed amendment would enable completion of additional tasks required to meet regulatory agency requirements and ensure that the site is well-poised for redevelopment.

BACKGROUND

Pier 70 is a 69-acre site located east of Illinois Street between Mariposa Street and 22nd Street (see Exhibit A, Pier 70 Master Plan Area). It is distinguished by its long history of maritime and military industrial use, which supported our nation's World War I and World War II efforts. Pier 70 includes a unique assemblage of historic buildings, constructed between the 1850s and 1920s, and has been determined to be a National Register eligible historic district.

Portions of Pier 70 were formerly occupied by the United States Navy for ship building and related industrial operations that had potential to impact soil and groundwater. In 2007, the Port and Mayor Gavin Newsom's Office requested funding from the Department of Defense (DOD) for environmental investigation and cleanup at Pier 70. The DOD FY2008 budget included an appropriation for that purpose, to be administered through the Department of Commerce, Economic Development Administration (EDA). In October 2008, EDA awarded a grant of \$2.28 million to the Port. In turn, the Port has contributed a required ten percent (10%) non-federal match, from Port operating budget funds allocated for professional services.

Port staff conducted a competitive process to select a consultant to perform the work funded by the EDA grant. The process included a pricing analysis that was subject to EDA review and approval. The Port Commission, at its meeting on March 24, 2009, authorized award of a contract in the amount of \$1,249,802 for environmental investigation and related consulting services to Treadwell & Rollo, Inc. (now known as "Treadwell & Rollo, a Langan Company", referred to herein as "Langan").

EDA contracting requirements do not allow contract awards to include contingencies for additional work unless the contingency is designated for specifically scoped items for which the cost is known. Consequently, the initial contract award to Langan included no contingency. However, EDA has approved additional work required to complete the environmental site investigation under Langan's contract, and in August 2010 the Port Commission adopted Resolution No. 10-58, authorizing an amendment to the contract

with Langan to complete the subject tasks, in an amount not to exceed \$92,470. Contract Amendment No. 1, for services totaling \$82,470 in value, was executed¹, thereby increasing the total contract value to a maximum total contract value of \$1,332,272.

The Port, Regional Water Quality Control Board ("Water Board", the lead regulatory agency for environmental investigation and cleanup at Pier 70), and Langan staff have presented progress reports regarding the environmental investigation to the Port Commission at its meeting on March 23, 2010, at project-specific public meetings on June 30, 2009 and June 16, 2010, and on a continuing basis at regularly-scheduled advisory group meetings. The final Environmental Site Investigation Report was published January 13, 2011. Langan has completed all work to date, approximately 90% of the contract scope of work, on schedule and within budget.

Under the oversight of the Water Board, Pacific Gas and Electric Company (PG&E) has been investigating the extent to which contamination from the adjacent GenOn (formerly Mirant) Potrero Power Plant (formerly owned by PG&E) has migrated into the subsurface beneath the southeast portion of Pier 70, primarily within the area designated as the future Slipways Park (see Exhibit B, Pier 70 Concept Plan). PG&E has investigated contamination beneath Pier 70 in recent drilling and sampling efforts conducted between July 2009 and February 2011. Port staff anticipates PG&E's report of the most recent investigation findings to be published in summer 2011.

PROPOSED SCOPE OF WORK FOR CONTRACT AMENDMENT NO. 2

Feasibility Study and Remedial Action Plan

The original scope of work in the Port's contract with Langan includes a Feasibility Study. The Feasibility Study will identify potentially applicable remediation alternatives and evaluate relative merits of those alternatives determined to be feasible at the Site. Langan's evaluation of potential remedial actions will consider relative effectiveness in achieving cleanup goals, consistency with development objectives, cost, and duration. Based upon the findings of the investigation and risk assessment completed to date, Port and Water Board staff have determined that additional work is required for the Feasibility Study, and that development of a Remedial Action Plan, which will recommend a preferred alternative and specify conceptual design and implementation of the recommended remedial alternative, is warranted at this time. The additional data analysis to support the feasibility study, development and publication of a Remedial Action Plan, an additional draft of a combined Feasibility Study/Remedial Action Plan report for public review and comment, and participation in an additional project-specific public meeting comprises \$94,342 of the proposed fees for Contract Amendment No. 2.

Under the proposed Contract Amendment No. 2, Langan will perform the following tasks:

¹ The total contract amount authorized for award differs from the amount actually awarded because Port Commission Resolution No. 10-58, authorizing Port staff to execute Contract Amendment No. 1 included authorization of up to \$10,000 in environmental consulting services to be provided as-needed to support negotiations with a private development partner. Such services have not yet been needed and consequently have not yet been awarded and added to the total contract value.

1. **Evaluate Background Metals Concentrations in Soil:** The original Feasibility Study scope did not include a detailed evaluation of metals in soil relative to "background", such as ambient concentrations found in fill and representative of the native soil or bedrock. However, the site investigation completed to date indicates that high concentrations of certain metals in soil are likely attributable to some extent to the presence of elevated concentrations of those metals in the naturally occurring serpentinite bedrock used as bayfill at Pier 70. The amended contract scope will include evaluation of background metals concentrations in soil that will use both graphical (data plots) and statistical evaluations to develop appropriate cleanup levels for metals in soil at Pier 70.
2. **Develop a Remedial Action Plan and Feasibility Study/Remedial Action Plan document:** The original contract scope called for a feasibility study suitable to inform Port staff of the general type and cost of potential remedial alternatives; it was not originally intended to be submitted to a regulatory agency for acceptance or published for public review and comment. The Remedial Action Plan is a new task, not included in the original contract scope. Execution of Contract Amendment No. 2 will enable a more detailed feasibility study, development of a Remedial Action Plan, and publication of a combined Feasibility Study/Remedial Action Plan report that will serve as the basis for remedial action selection and design. The Feasibility Study/Remedial Action Plan will evaluate remedial alternatives, document the basis for selecting a particular remedial action or combination of actions, and propose conceptual design or performance standards for the recommended engineering² or administrative controls³.
3. **Additional meetings and document review:** The original scope of work included one public meeting to present the Risk Management Plan. Under Contract Amendment No. 2, Langan will lead one new public meeting to present the Remedial Action Plan, before publication of the RMP. Contract Amendment No. 2 will also enable additional coordination with PG&E. In completing the environmental investigation and risk assessment to date, Port staff found that coordination with PG&E, including meetings and draft document review, is warranted. Although it requires additional investment of time and an additional iteration of each draft document for review and revision, the advance coordination results in a better work product and public review process.

Sediment Investigation and Feasibility Study

As the Port has sought and obtained Water Board approval of its site investigation and risk assessment work, and considered how the results may impact the anticipated development of Crane Cove Park, the need for further evaluation of contaminated sediment along the shoreline of the Crane Cove Park has become apparent.

² "Engineering controls" are physical changes to a site to reduce or eliminate exposure to environmental hazards, such as removal of contaminated material, or installation of a physical barrier to exposure to contaminants.

³ "Administrative controls" are measures, such as policies and procedures, or restricted access, activities or site use to reduce the risk of exposure to potential environmental hazards. A requirement that construction workers wear a specified type of personal protective equipment is an example of an administrative control.

Consequently, proposed Contract Amendment No. 2 includes sediment sampling and analysis, risk assessment, and a feasibility study of remedial alternatives to address contaminated sediment. Specific tasks to be performed under Contract Amendment No. 2 include:

1. **Compile and review existing data:** Langan will identify and compile existing data from previous investigations and numerous publically available reports and databases to evaluate ambient and site-specific conditions. These data will inform the feasibility study work plan for the Crane Cove Park area.
2. **Shoreline reconnaissance and sampling:** Langan will conduct preliminary reconnaissance to evaluate near-shore subtidal conditions in the Crane Cove Park area, identify any physical or ecological conditions that may impact sediment remediation options, and collect and analyze initial sediment and water samples.
3. **Investigation Work Plan:** Based on results of preliminary sampling and conference with Port and Water Board staff, Langan will develop a work plan for sediment sampling and analysis needed to study feasible sediment remediation options for the Crane Cove Park shoreline.
4. **Complete field work:** Langan will collect and analyze shallow sediment from up to nine locations, analyze samples for chemical, biological and physical properties, and conduct a bathymetric survey of the near-shore sediment surface.
5. **Human health and ecological risk assessment:** Langan will identify constituents of concern in sediment and evaluate potential human health risks to future park users and ecological risks to sediment-dwelling organisms.
6. **Evaluate potentially feasible remedial alternatives:** Langan will consider the environmental and hydrogeologic characteristics of the Crane Cove Park shoreline area, available remedial technologies or methods that have been used at similar sites, future construction and land use, and the potential impact of residual contaminants that may remain in place. Langan will evaluate potential remedial actions with respect to effectiveness, feasibility, and duration. This evaluation will include developing cost estimates for remedial alternatives identified as potentially feasible, and consider differences in effectiveness with respect to differences in cost.
7. **Prepare a Feasibility Study Report:** The investigation results, human health and ecological risk assessment, and feasibility study will be presented in a single "Feasibility Study and Risk Assessment Report". As part of this task, Langan will prepare two drafts of the report for internal and regulatory agency review, one draft for public review, and one final report incorporating regulatory agency and public comments. This task also includes third-party review of the human health and environmental risk associated with sediment contamination, which is required to enable the Water Board to evaluate and approve the work.

8. **Meetings.** The scope of work to be completed under Contract Amendment No. 2 includes two meetings with Port and Water Board staff and one with the U.S. National Marine Fisheries Service and California Department of Fish and Game.
9. **Project Management.** Execution of the above-referenced tasks requires Langan staff time for project management, including managing subcontractors, permitting, coordinating with Port staff and tenants, maintaining on-going communication with the Port Project Manager, and responding to Port, regulatory agency, or public requests for information. Following the format of the fee schedule for the existing contract, in which project management costs are specified separately rather than included in task-specific costs, project management is listed in the proposed contract amendment as a separate item.

PROPOSED FEES

Port staff and Langan have negotiated the following fee proposal for the above-referenced tasks:

Task	Cost
<i>Feasibility Study and Remedial Action Plan</i>	
1. Evaluate Background Metals, Cleanup Levels	\$15,990
2. Develop Remedial Action Plan, publish Feasibility Study/Remedial Action Plan report	\$47,187
3. Additional meetings and document review	\$31,165
<i>Sediment Investigation and Feasibility Study</i>	
1. Compile and review existing data	\$18,210
2. Shoreline reconnaissance and sampling	\$57,504
3. Investigation Work Plan	\$36,022
4. Complete field work	\$40,394
5. Human health and ecological risk assessment	\$49,144
6. Evaluate potentially feasible remedial alternatives	\$16,604
7. Prepare a Feasibility Study Report	\$47,207
8. Meetings	\$9,466
9. Project Management (4.8% total contract value)	\$18,804
Total Proposed Contract Amendment Amount	\$387,697

Upon execution of Contract Amendment No. 2, pending Port Commission approval, the history of contract award and amendment to date breaks down as follows:

Original Contract	\$1,249,802
Contract Amendment No. 1	\$82,470
Current Contract Amount	\$1,332,272
Contract Amendment No. 2	\$387,697
Total Contract Value	\$1,719,969

S/W/MBE BUSINESS PARTICIPATION

The federal regulations that apply to EDA grant funding for this contract prohibit application of preferences or subcontracting goals based on location, thereby precluding application of the City's Local Business Enterprise ordinance to this contract. However,

the federal regulations require grantees and contractors to conduct outreach and other measures to promote participation by small, woman, and minority-owned business enterprises.

With 90% of the currently contracted scope of work complete, the actual participation by small, minority-owned, and woman-owned businesses to date has been 21%, 8%, and 2% respectively, for a total of 31%. With Contract Amendment No. 2 included in the total value of the contract, anticipated participation by small, minority-owned, and woman-owned businesses in the final, total work completed will be 22%, 8% and 3%, respectively.

FUNDING

The total cost for the proposed additional tasks is \$387,697. EDA has reviewed and approved the proposed additional tasks for funding through its grant to the Port, subject to the EDA's requirement for a ten percent (10%) Port contribution. The Port's share of the proposed costs will be paid from the Port's operating budget for professional services related to Pier 70 planning and development. With execution of Contract Amendment No. 2 of the amended total contract amount of \$1,719,969, ten percent (\$171,997) will be from Port funds.

RECOMMENDATION

Port staff request Port Commission authorization to amend the contract with Langan for environmental consulting services, by increasing the contract amount from \$1,332,272, to \$1,719,969. As described above, the contract amendment will provide additional investigation, risk assessment, remedial action planning, public outreach, coordination with adjacent property owner (GenOn) and entity responsible for environmental remediation of adjacent property (PG&E), and regulatory oversight required to prepare for future development at Pier 70.

Prepared by: Carol Bach, Environmental & Regulatory Affairs Manager

Prepared for: Byron Rhett, Deputy Director of Planning & Development

Attachments:

Exhibit A: Pier 70 Master Plan Area

Exhibit B: Pier 70 Concept Plan

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-16

- WHEREAS, the Port of San Francisco has been awarded a grant of \$2,280,000 from the United States Department of Commerce, Economic Development Administration for environmental investigation and cleanup at Pier 70; and
- WHEREAS, the Civil Service Commission, at its meeting on April 6, 2009, approved the Port's proposal to enter into a Personal Services Contract for such environmental investigation and related services; and
- WHEREAS, the Port Commission, at its meeting on March 18, 2009, adopted Resolution No. 09-19, to award a contract to Treadwell & Rollo Inc. to provide environmental consulting services in an amount not-to-exceed \$1,249,802, for a term of three years, with an option to extend the term for two additional years (the "Contract"); and
- WHEREAS, the Port Commission, at its meeting on August 19, 2010, adopted Resolution No. 10-58, authorizing Contract Amendment No. 1, increasing the Contract by an amount not to exceed \$92,470, of which \$82,470 was awarded, resulting in the current total Contract value of \$1,332,272; and
- WHEREAS, the Port Commission, at its meeting on January 11, 2011, adopted Resolution No. 11-01, authorizing its Executive Director to execute an Assignment and Assumption Agreement, thereby assigning the Port's Contract with Treadwell & Rollo, Inc. to Langan Engineering and Environmental Services, Inc.; and
- WHEREAS, Langan Engineering and Environmental Services, Inc. has completed approximately 90% of the total Contract scope of services to date, and the investigative findings indicate that additional services, as described in the attached staff report, are warranted; and
- WHEREAS, Langan and Port staff have negotiated a fee proposal of \$387,697 for the additional services, to be provided pursuant to proposed Contract Amendment No. 2, which if awarded would increase the total Contract value to \$1,719,969; and
- WHEREAS Contract Amendment No. 2 will provide for cumulative participation by small businesses, woman-owned businesses enterprises, and minority-owned businesses of 22%, 3% and 8%, respectively; and

WHEREAS, the Port has allocated funding in its Operating Budget for professional services related to planning and development at Pier 70, including the Port's 10% share of the total cost of the EDA-funded contract and other consulting services needed to facilitate the development process; now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to execute Contract Amendment No. 2 to the existing contract with Langan Engineering and Environmental Services, Inc., by increasing the contract amount by \$387,697, resulting in an amended Contract amount not to exceed \$1,719,969, and to provide for additional investigation, risk assessment, remedial action planning, risk management planning, and other related services.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 12, 2011.

Secretary



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request authorization to award Construction Contract 2727, Pier 43 Bay Trail Link Project, to Vortex Marine Construction, Inc. in the Amount of \$6,383,000, and to create a contract contingency fund of 10% of the contract amount (or \$638,300) for unanticipated contingencies

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction:

Port staff requests that the Port Commission authorize the award of construction Contract 2727, Pier 43 Bay Trail Link Project, to Vortex Marine Construction, Inc. ("Vortex"), the lowest responsive, responsible bidder. The construction project includes the removal of condemned asphalt covered timber piers and piling, replacement of a failing timber seawall, construction of a new public promenade along the water's edge, and both disabled access and street lighting improvements (See Exhibit "A", Site Plan). The project is largely funded by the 2008 Clean and Safe Neighborhood Parks General Obligation Bond, approved by San Francisco voters in February of that year. When completed, the Project will revitalize the public's connection to this sector of the waterfront and provide the Fisherman's Wharf area with a much needed open space destination.

Background:

The Port Commission, at its meeting on December 14, 2010, authorized staff to advertise for bids for the Pier 43 Bay Trail Link Project (Port Commission Resolution 10-81). The Human Rights Commission (HRC) staff established subcontracting goals of 20% for Local Business Enterprises (LBE) for the Project. The Engineer's Estimate for the base bid and additive alternates 1 & 2 was \$7,708,183.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

On February 28, 2011, staff received four bids for this project. For the base bid and wharf additive alternates 1 & 2 combined, the low bid was 18% below Engineer's Estimate, the high bid was 5% over, and the average bid was approximately 11% below the estimate. A summary of the bids is attached (See Exhibit "B", Bid Summary)

Dutra Construction Co, Inc. submitted the apparent low bid, with a bid price approximately 18% below Engineer's Estimate. However, on March 9, 2011, the Human Rights Commission (HRC) determined Dutra's bid to be non-responsive to the LBE subcontracting goal. Dutra appealed the HRC decision and a meeting was held with the Director of HRC on March 23, 2011 after which Dutra agreed to accept the determination of non-responsiveness without further appeal.

The apparent 2nd low bidder was Vortex Marine Construction, Inc. ("Vortex"), with a bid price approximately 17% below the Engineer's Estimate. On March 2, 2011 the apparent 3rd low bidder, Gordon N. Ball, Inc., submitted a bid protest against Vortex; however, staff determined the protest lacked merit. After review, Port staff and Human Rights Commission staff have determined that Vortex is the lowest responsive, responsible bidder for the Project. Engineering staff have also verified the contractor's license and experience. Based on the available funding, staff propose to award to Vortex a contract for the base bid and additive alternates 1 & 2. Vortex's base bid provides for LBE subcontractor participation of 27%, exceeding the 20% goal. When including additive alternates 1 & 2, LBE subcontractor participation remains at 27%.

Funding:

Total Project funding is approximately \$10M and includes multiple sources as detailed in Table 1. Where a funding source is dedicated to a specific improvement, the maximum amount is noted in the table, however, only the amount required to cover the estimated improvement cost and 10% contingency is included in the funding amount. The majority of funding (\$7,677,800) comes from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. The bond funds require expenditure of at least 85% of funds within 3 years from the date of bond issuance. The majority of funds for construction of this project were included in the 2nd bond issuance in early April, 2010, thereby requiring the majority of construction to be complete by April 2013. As evident from the schedule below, staff do not anticipate any problems meeting this requirement.

Table 1

Table 1

Funding Source	Amount
2008 Clean & Safe Neighborhood Parks Bond, 1 st Issuance	\$ 1,315,875
2008 Clean & Safe Neighborhood Parks Bond, 2 nd Issuance	\$ 6,334,125
2008 Clean & Safe Neighborhood Parks Bond, 3 rd Issuance	\$ 27,800
Port 1971 Harbor Improvement Bonds	\$ 1,057
Port 1984 Revenue Bonds	\$ 70,837
Port 1994 Revenue Bonds	\$ 58,569
Port Pier Repair Funds (CPO778) (Up to \$1,800,000 for wharf)	\$ 1,450,000
Port ADA Transition Plan (CPO680-01) (Up to \$500K for West ADA improvements only)	\$ 368,500
Homeland Security – Security Lighting Grant (Up to \$313,000 for Street Lighting Only)	\$ 84,700
Total Funding	\$ 9,711,463

The current estimated breakdown of project costs is included in Table 2.

Table 2

Projected Project Costs	Projected Cost	10% Contingency	Total Budget
Soft Costs – Design thru Bid (Design, Management, Entitlements)	\$1,217,000	N/A (complete)	\$1,217,000
Soft Costs - Construction (Management, Testing, Inspections)	\$1,339,000	\$133,900	\$1,472,900
Construction (Base + Alternates 1 & 2)	\$6,383,000	\$638,300	\$7,021,300
Total Projected Project Costs	\$8,939,000	\$772,200	\$9,711,200

Schedule:

The project is scheduled to start in early May, 2011, and substantial completion is expected by early July, 2012.

The following is the anticipated project schedule:

Commission Authorization to Award	April 12, 2011
Estimated Notice to Proceed (NTP)	May 12, 2011
Estimated Substantial Completion (425 Calendar Days)	July 10, 2012
Estimated Final Completion (60 Calendar Days)	September 8, 2012

Summary:

Port staff recommend that the Port Commission authorize the award of construction Contract No. 2727, Pier 43 Bay Trail Link, to Vortex Marine Construction, Inc., the lowest responsive, responsible bidder, in an amount of \$6,383,000 for the base bid and additive alternates 1 & 2, and further authorize staff to increase the contract amount, if needed for unanticipated contingencies, by an additional \$638,300 (or 10%) through contract modification or change order to a total of \$7,021,300. Vortex's LBE participation for this contract award is 27%, exceeding the goal of 20% set by HRC. Port staff also recommend that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Steven Reel, Project Manager
Engineering

For: Ed Byrne, Chief Harbor Engineer
Engineering

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-17

WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Pier 43 Bay Trail Link Project, Contract No. 2727 (Port Commission Resolution 10-81), at its meeting on December 14, 2010; and

WHEREAS, Port staff received four bids on February 28, 2011; and

WHEREAS, Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Vortex Marine Construction, Inc. is the lowest responsive, responsible bidder; now, therefore be it

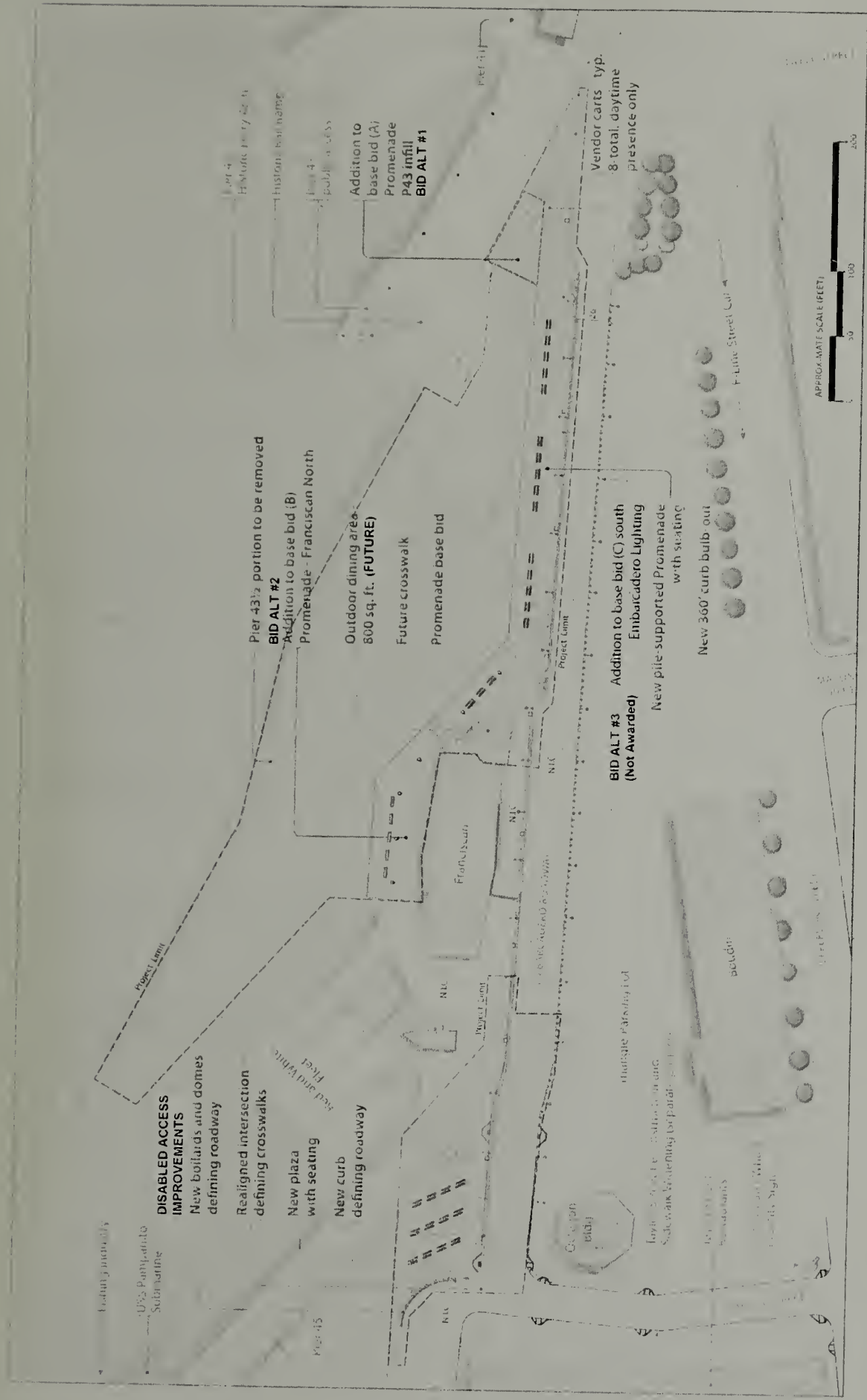
RESOLVED, that the Port Commission hereby authorizes Port staff to award the construction contract, Pier 43 Bay Trail Link Project, Contract No. 2727, to Vortex Marine Construction, Inc., the lowest responsive, responsible bidder, for the amount of \$6,383,000 for the base bid and additive alternates 1 & 2; and be it further

RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, if needed for unanticipated contingencies, by an additional \$638,300 (10% of \$6,383,000) to a total of \$7,021,300 through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary



Pier 43 Promenade

PIER 43 BAY TRAIL LINK - BID SUMMARY
by SR. 2/28/2011 (Updated 4/6/2011)

SCHEDULE OF BID PRICES		Amount Available For Construction \$ 6,700,000									
Item #	Base Project Items	Qty	Eng. Estimate	2	1	4	3	ITEM LOW	ITEM HIGH	ITEM AVERAGE	ITEM MEDIAN
1	Pier Demolition	LS	\$ 1,430,033	\$ 1,300,000	\$ 1,395,000	\$ 2,181,000	\$ 1,850,000	\$ 1,300,000	\$ 2,181,000	\$ 1,681,500	\$ 1,622,500
2	Seawall Replacement and Modification	LS	\$ 855,019	\$ 420,000	\$ 380,000	\$ 734,000	\$ 255,000	\$ 255,000	\$ 734,000	\$ 447,250	\$ 400,000
3	Promenade Structure (incl. Finishes)	LS	\$ 2,784,000	\$ 2,380,000	\$ 2,200,000	\$ 2,500,000	\$ 2,420,000	\$ 2,200,000	\$ 2,500,000	\$ 2,375,000	\$ 2,400,000
4	Site Improvements - Promenade	LS	\$ 206,691	\$ 276,000	\$ 147,600	\$ 245,000	\$ 125,000	\$ 125,000	\$ 276,000	\$ 198,400	\$ 156,300
5	Site Improvements - West (ADA)	LS	\$ 254,710	\$ 335,000	\$ 282,500	\$ 153,000	\$ 170,000	\$ 153,000	\$ 335,000	\$ 235,125	\$ 226,250
6	Street Lighting - North	LS	\$ 183,684	\$ 77,000	\$ 130,000	\$ 77,000	\$ 78,000	\$ 77,000	\$ 130,000	\$ 90,500	\$ 77,500
7	Traffic Routing and Temporary Pavement Markings & Markers	LS	\$ 214,476	\$ 25,000	\$ 188,140	\$ 118,000	\$ 350,000	\$ 25,000	\$ 350,000	\$ 170,285	\$ 153,070
8	Allowance for handling, transportation, and disposal of petroleum contaminated soil	AL	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
9	Allowance for Pier Repair	AL	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
10	Catch Basin Modification	AL	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
11	Mobilization (Maximum 5% of the sum of Bid Items 1 through 7)	LS	\$ 296,430	\$ 250,000	\$ 235,000	\$ 242,000	\$ 300,000	\$ 235,000	\$ 300,000	\$ 256,750	\$ 246,000
TOTAL BID PRICE			\$ 6,350,043	\$ 5,188,000	\$ 5,083,240	\$ 6,375,000	\$ 5,673,000				
Calculate Mobilization Maximum Amount Check (OK or NG)			\$ 296,431	\$ 240,650	\$ 236,162	\$ 300,400	\$ 262,400				
Add Alternate Items				resolve in sched							
1	Alt A. Promenade Addition - P43 Infill	LS	\$ 306,140	\$ 320,000	\$ 570,000	\$ 884,000	\$ 260,000	\$ 260,000	\$ 884,000	\$ 508,500	\$ 445,000
2	Alt B. Promenade Addition - North Franciscan	LS	\$ 1,052,000	\$ 875,000	\$ 670,000	\$ 838,000	\$ 590,000	\$ 590,000	\$ 875,000	\$ 743,250	\$ 754,000
3	Alt C. Security Lighting - South NOT TO BE AWARDED	LS	\$ 272,367	\$ 50,000	\$ 75,000	\$ 61,000	\$ 40,000	\$ 40,000	\$ 75,000	\$ 56,500	\$ 55,500
TOTAL BID PRICE WITH ALTERNATES IN ORDER OF PRIORITY											
Base Bid			\$ 6,350,043	\$ 5,188,000	\$ 5,083,240	\$ 6,375,000	\$ 5,673,000	\$ 5,083,240	\$ 6,375,000	\$ 5,579,810	\$ 5,430,500
Base + Alt B			\$ 7,402,043	\$ 6,063,000	\$ 5,753,240	\$ 7,213,000	\$ 6,263,000	\$ 5,753,240	\$ 7,213,000	\$ 6,323,060	\$ 6,163,000
Base + Alt B + Alt A			\$ 7,708,183	\$ 6,383,000	\$ 6,323,240	\$ 8,097,000	\$ 6,523,000	\$ 6,323,240	\$ 8,097,000	\$ 6,831,560	\$ 6,453,000
Base + Alt B + Alt A + Alt C			\$ 7,980,550	\$ 6,433,000	\$ 6,398,240	\$ 8,158,000	\$ 6,563,000	\$ 6,398,240	\$ 8,158,000	\$ 6,868,060	\$ 6,498,000
% of Eng Estimate (Base + Alt A & B)			82.81%	82.03%	82.03%	105.04%	84.62%	82.03%	105.04%	88.63%	83.72%
Delta from Engineer's Estimate			\$ (1,325,183)	\$ (1,384,943)	\$ (1,384,943)	\$ 388,817	\$ (1,185,183)	\$ (1,384,943)	\$ 388,817	\$ (876,623)	\$ (1,255,183)
Delta from Low Bid (Base + Alt A & B)			\$ 59,760	\$ 59,760	\$ 199,760	\$ 1,773,760	\$ 199,760	\$ 199,760	\$ 1,773,760	\$ 508,320	\$ 129,760
HRC % Claimed			27.1%	8.3%	28.1%	20.5%					
HRC Responsive			Yes	No	not reviewed	not reviewed	not reviewed				
Qualified			Yes	Yes	not reviewed	not reviewed	not reviewed				



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract amount by the sum of \$106,945 to \$853,428, and for a contract contingency fund of 10% of the remaining contract amount of \$107,700 (or \$10,770)

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction:

Port staff requests that the Port Commission authorize staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project (the "Project") adding scope and increasing the contract amount by the sum of \$106,945, to \$853,428. The original contract amount was \$728,300. Staff executed prior amendments increasing the contract amount to \$746,483, within the limit previously authorized by the Port Commission. This amendment request plus the prior amendments total \$125,128, a 17.2% increase over the original contract amount. Staff also requests the Port Commission to authorize staff to increase the contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of \$10,770 (10% of the remaining contract value of \$107,700 for construction support services) for a total amount not to exceed \$864,198. This is an increase of \$63,068 (or 7.9%) above the previously authorized not to exceed amount of \$801,130, as discussed below.

Background:

The Port Commission, at its meeting on October 13, 2009, authorized staff to award a design and engineering services contract to the firm Gerwick-SDE JV for final design

THIS PRINT COVERS CALENDAR ITEM NO. 8C

and construction support for the Pier 43 Bay Trail Link Project in an amount of \$728,300. The Port Commission also authorized staff to increase the contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of \$72,830 (10%) for a total contract amount of \$801,130 (Port Commission Resolution 09-61).

On March 31, 2010, staff executed an amendment to the contract increasing the scope and contract amount. Scope changes included adding disabled access improvements between the Franciscan Restaurant and Pier 45 and adding street lighting along The Embarcadero. Additional funding for the added scope was provided by the Port's ADA improvements fund and a Homeland Security Grant.

As final design progressed, both the Port's Waterfront Design Advisory Committee (WDAC) and the San Francisco Bay Conservation and Development Commission's (BCDC) Design Review Board (DRB) recommended that the Project increase the new wharf area at the interface with the remaining Pier 43, and include additional new wharf area bayside of the Franciscan Restaurant (See Exhibit "A" Site Plan). Given the Project's already limited funding, Port and BCDC staff agreed to include these new items as additive bid alternates and BCDC made them conditions of the permit. The inclusion of these additional public access improvements necessitated additional design services. Therefore, in late August of 2010, staff negotiated a contract amendment with Gerwick/SDE JV to design and engineer these additional improvements and incorporate them into the contract documents as additive bid alternates. The cost of the proposed additional services (\$105,266) exceeded the authorized contract amount. However, the lack of a Port Commission quorum due to vacancies and other factors precluded Port Commission action to increase the contract amount at that time. Because completion of the project design was more time-critical than construction support services, staff amended the contract by removing construction support services from the contract scope and utilized the cost offset to fund the additional design services triggered by the newly mandated public access areas.

After completion of the construction documents, the Port Commission authorized staff, on December 14, 2010, to advertise for construction bids. On February 28, 2011, staff received four bids for the construction project, and under a separate agenda item for today's meeting, we are requesting authorization to award the construction contract. Staff are pleased to report that the construction contract, should it be approved, will include both of the additional wharf areas per the BCDC permit conditions. With construction expected early this summer, staff requests authorization to amend and increase the amount of the Gerwick/SDE JV contract to: 1) add construction support services back to the engineering services contract in the sum of \$107,700; 2) add services for design of revised railing and event power outlets in the sum of \$9,305; and 3) remove services for wharf design complexity, for a credit of \$10,060. Port staff also request authorization to increase the Contract contingency to \$10,770 (10% of the construction support services amount) in the event of unanticipated conditions. Table 1 below provides a summary of the contract amendments to date and as proposed.

Local Business Enterprise (LBE) Participation

The LBE participation goal for this project is 21% as established by the San Francisco Human Rights Commission. The approved Gerwick/SDE JV contract included an LBE participation of 26.5%. The current contract, as previously amended, has an actual LBE participation of 26.8%, as of February 2011. The proposed contract amendment increases the LBE participation to 27.3%.

Civil Service Commission

The Civil Service Commission approved the Personal Services Contract (PSC) for this contract on July 6, 2009, for an amount of \$600,000 (4003-09/10). On October 28, 2009, the Civil Service Commission approved a modification to increase the amount to \$802,000. Staff has requested a 2nd modification to increase the amount to \$864,200 (or 44% of the original amount), and will not execute the proposed amendment until the modification has been approved. The Civil Service Commission rules provide for administrative approval of contract modifications up to 50% of the original PSC amount by staff within the Department of Human Resources. Since the proposed modification equals 44% of the original PSC amount, it is not anticipated that a Civil Service Commission hearing will be required for the proposed contract modification.

Table 1: Executed and Proposed Contract Amendments

	Amend. Amount	Total Contract Amount	% change from original	Notes
Original Contract	N/A	\$728,300		Includes final design, engineering & construction support
1 st Amendment	\$20,617	\$748,917	2.8%	Add scope for homeland security lighting & ADA improvements (+\$31,168), and credit back for geotechnical borings (-\$10,551)
2 nd Amendment	(\$2,434)	\$746,483	2.5%	Add scope for additional wharf areas (+\$105,266) & remove construction support (-\$107,700)
3 rd Amendment (Proposed)	\$106,945	\$853,428	17.2%	Add construction support (\$107,700), add scope for design of revised railing and event power supply (\$9,305), & remove wharf design complexity task (-\$10,060)

Funding:

The Project, including the proposed amendment to the design and engineering contract, is fully funded. Sources of funding are detailed in Table 2 below. The majority of funding (\$7,677,800) comes from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond. The first issuance was completed in August of 2008 and includes the funds for design and engineering, including the proposed contract amendment. The bonds require expenditure of at least 85% of funds within 3 years from the date of issuance. Staff does not anticipate any issues meeting this requirement.

Table 2: Project Funding Sources

Funding Source	Amount
2008 Clean & Safe Neighborhood Parks Bond, 1 st Issuance	\$ 1,315,875
2008 Clean & Safe Neighborhood Parks Bond, 2 nd Issuance	\$ 6,334,125
2008 Clean & Safe Neighborhood Parks Bond, 3 rd Issuance	\$ 27,800
Port 1971 Harbor Improvement Bonds	\$ 1,057
Port 1984 Revenue Bonds	\$ 70,837
Port 1994 Revenue Bonds	\$ 58,569
Port Pier Repair Funds (CPO778) (Up to \$1,800,000 for wharf)	\$ 1,450,000
Port ADA Transition Plan (CPO680-01) (Up to \$500K for West ADA improvements only)	\$ 368,500
Homeland Security – Security Lighting Grant (Up to \$313,000 for Street Lighting Only)	\$ 84,700
Total Funding	\$ 9,711,463

Schedule:

Design is complete and, under a separate agenda item at this meeting, staff are requesting to authorize award of the construction contract. Construction is scheduled to start in May, 2011, and substantial completion is expected in July, 2012.

Summary:

Port staff requests that the Port Commission authorize staff to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Project adding scope and increasing the contract amount to \$853,428. Staff also requests the Port Commission to authorize staff to increase the contract amount through change order or contract modification, as necessary for unanticipated contingencies, by an additional sum of \$10,770 (10% of the remaining contract value of \$107,700) for a total amount not to exceed \$864,198. This is an increase of \$63,068 (or 7.9%) above the previously authorized not to exceed amount of \$801,130. Scope added to the project includes street lighting, disabled access improvements, and additional public access

wharf areas. Staff and Gerwick/SDE JV negotiated the work scope and fees in good faith and the agreements represent a fair and reasonable value. Due to a lack of Port Commission quorum last fall, staff previously removed construction support services to offset the costs of the additional design services. This proposed contract amendment will add construction support services back into the contract if the Port Commission approves the amendment.

Prepared by: Steven Reel, Project Manager
Engineering

Norma Nelson, Contract Manager
Finance & Administration

For: Ed Byrne, Chief Harbor Engineer
Engineering

Elaine Forbes, Deputy Director
Finance & Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-18

WHEREAS, on October 13, 2009, the Port Commission previously authorized the award of the design and engineering services contract for the Pier 43 Bay Trail Link Project (the "Project") to Gerwick/SDE JV in the amount of \$728,300 (Port Commission Resolution 09-61); and

WHEREAS, on that same date, the Port Commission further authorized Port staff to increase the Gerwick/SDE JV contract (the "Contract") amount through change order or contract modification, as necessary for unanticipated contingencies, by an additional sum of \$72,830 (10% of \$728,300) for a total contract amount of \$801,130; and

WHEREAS, following the Contract award and during final design and engineering in 2010, it became necessary to increase the Contract amount to add additional scope to the Project to include design of public access improvements mandated by the San Francisco Bay Conservation and Development Commission permit for the Project; and

WHEREAS, Port staff have received bids for the construction project and staff anticipate the need for construction support services in the Contract in the near future; and

WHEREAS, the existing Contract amount, with the inclusion of prior Contract amendments, is insufficient to pay for necessary construction support services and additional design of railing and event power outlets; and

WHEREAS, Port staff and Gerwick/SDE JV have negotiated an amount of \$106,945 for these construction support services, additional services for design of railing and event power outlets, and a credit for removing services for wharf design complexity, which represents a fair and reasonable value in staff's determination; and

WHEREAS, in the proposed amendment, Gerwick/SDE JV has made a commitment to exceed the Local Business Enterprise sub-consultant participation goal of 21%; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes Port staff to execute an amendment to the Contract with Gerwick/SDE JV for design and engineering services for the Pier 43 Bay Trail Link Project to increase the contract amount by the amount of \$106,945, to a total of \$853,428; and be it further

RESOLVED, that the Port Commission hereby authorizes Port staff to further increase the Contract amount through contract modification, as necessary for unanticipated contingencies, by an additional sum of \$10,770 (10% of \$107,720, the remaining contract value) for a total contract amount of \$864,198.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary

Planning Institute

U.S. Port and
Seaport
Authority

**DISABLED ACCESS
IMPROVEMENTS**

New bollards and domes
defining roadway

Realigned intersection
defining crosswalks

New plaza
with seating

New curb
defining roadway

Pier 43 1/2 portion to be removed

BID ALT #2

Addition to base bid (B)

Promenade - Franciscan North

Outdoor dining area
800 sq. ft. (FUTURE)

Future crosswalk

Promenade base bid

Franciscan

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

NIC

**BID ALT #3 Addition to base bid (C) south
(Not Awarded)**

Embarcadero Lighting
New pile supported Promenade
with seating

New 360' curb build out

Future Street

Vendor carts - typ.
8 total, daytime
presence only

APPROXIMATE SCALE (FEET)





MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request for authorization to award Construction Contract No. 2741, Marine Structural Projects III, to West Bay Builders, Inc., in an amount not to exceed \$1,325,000, and authorization for a 10% contingency fund of \$132,500

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff requests that the Port Commission authorize the award of Construction Contract No. 2741, the Marine Structural Projects III, to West Bay Builders, Inc., the sole responsive and responsible bidder. As recommended, the contract scope includes only the Base Bid work scope. The Base Bid work scope includes critical repairs to the Pier 35 Superstructure and repairs to the Pier 33 Marginal Wharf Substructure. Please also refer to the attached Partial Site Map indicating project locations.

Background

The Port Commission, at its meeting on July 13, 2010, authorized staff to advertise for bids for this Project (Port Commission Resolution 10-44). The Human Rights Commission ("HRC") staff recommended a Local Business Enterprise ("LBE") subcontracting goal of 25% for this contract.

At the time of staff's invitation for project bids on January 21, 2011, the engineer's estimate was \$1,800,000 for the Base Bid. On February 22, 2011, Port staff received only one bid for this project, from West Bay Builders, Inc. A summary of the bid is attached. West Bay Builders, Inc.'s bid includes a Base Bid price of \$1,325,000, 26.4% lower than the engineer's estimate.

THIS PRINT COVERS CALENDAR ITEM NO. 8D

SUMMARY	
Base Bid	\$ 1,325,000
10% Contingency	\$132,500
Total	\$ 1,457,500

West Bay Builders' Base Bid includes LBE subcontractor participation of 26.4%, which exceeds the HRC LBE goal of 25%. HRC has determined that West Bay Builders' Base Bid is compliant with the City Administrative Code Chapter 14B requirements, meeting the LBE subcontractor goals and demonstrating good faith outreach. Under the proposed contract, West Bay Builders' work shall cover all costs of labor, design, supervision, management, materials and equipment.

Funding

The project is fully funded. The funding sources and amounts are noted below:

Funding Source	Funding Amount
Port Revenue Bond 2010	\$ 1,138,500
CPO 778 Pier Repair Fund	\$319,000
TOTAL	\$ 1,457,500

REGULATORY PERMITS

All required regulatory permits have been secured.

Schedule

The estimated project schedule is summarized below:

Milestone Activity	Date
Commission Award	April 12, 2011
Estimated Notice to Proceed (NTP)	June, 2011
Estimated Substantial Completion	June, 2013
Estimated Final Completion	July, 2013

Summary

Port staff recommends that the Port Commission authorize the award of construction Contract No. 2741, Marine Structural Projects III, to West Bay Builders, Inc., as the sole responsive, responsible bidder, for an amount not to exceed \$1,325,000, and also authorize staff to increase the contract amount, if needed, for unanticipated contingencies, by an additional 10% (or \$132,500) through contract modification or change order for a total of \$1,457,500. Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Joe Roger, Project Engineer
Tim Leung, Administrative Engineer

For: Edward F. Byrne, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-19

WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Marine Structural Projects III, Contract No. 2741 (the "Project"), at its meeting on July 13, 2010; and

WHEREAS, Port staff received one responsive bid for the Project from West Bay Builders, Inc., on February 22, 2011; and

WHEREAS, Port Engineering staff and the Human Rights Commission ("HRC") staff reviewed the sole bid and determined that West Bay Builders, Inc. is the sole responsive, responsible bidder for the Project; and

WHEREAS, West Bay Builders' total bid price for the Base Bid is \$1,325,000; and

WHEREAS, the funds available from the Port's 2010 Revenue Bond Fund and Pier Repair Fund, CPO 778, will fully fund the Project costs; and

WHEREAS, West Bay Builders, Inc.'s Base Bid includes Local Business Enterprise ("LBE") subcontractor participation of 26.4%, which satisfies the 25% subcontracting goal for LBES, as recommended by the HRC; and

WHEREAS, all required regulatory permits have been secured; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to award Construction Contract No. 2741, Marine Structural Projects III, to West Bay Builders Inc., the sole responsive, responsible bidder, for the not-to-exceed amount of \$1,325,000; and be it further

RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, if needed, for unanticipated contingencies, by an additional \$132,500 (10% of \$1,325,000) through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

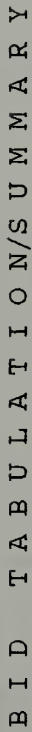
I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary



PARTIAL SITE PLAN

MARINE STRUCTURAL PROJECTS III



BIBD TABULATION/SUMMARY

LBE GOAL:	25%		TOTAL NUMBER OF CALENDAR DAYS	730
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BID RANK	BASE BID	ALT. #1	ALT. #2	ALT. #3	ALT. #4	ALT. #5	ALT. #6	ALT. #7	BIDDER ID
1	1,325,000	364,000	759,000	245,876	128,010	9,600	1,224,420	50,000	1

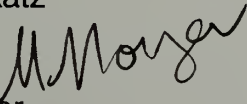
WEST BAY BUILDERS, INC., A CALIFORNIA CORPORATION
 250 BEL MARIN KEYS BOULEVARD, BUILDING A
 NOVATOR, CA. 94949
 PHN 415 456-8972
 FAX 415 459-0665
 Email paul@westbaybuilders.com



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer 
Executive Director

SUBJECT: Request approval of resolution authorizing the Port Executive Director to execute a revised Memorandum of Understanding (MOU) with the Controller of the City and County of San Francisco to reimburse the Port for revenue lost due to hosting the 34th America's Cup

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Background

On February 8, 2011, the Port Commission approved Resolution No. 11-05, authorizing the Port Executive Director to execute a Memorandum of Understanding (MOU) with the Controller of the City and County of San Francisco (the Controller) to reimburse the Port for revenue lost due to hosting the 34th America's Cup (Event), for other race-related costs, and for a City contribution to the Cruise Terminal Project.

On March 16, 2011, the Board of Supervisors' Budget and Finance Committee considered a resolution (File No. 10-1564) to approve the MOU and directed changes to the MOU described below in accordance with recommendations of the Board's Budget Analyst and the Controller. On March 22, 2011, the full Board of Supervisors approved a resolution approving the MOU as revised. The approved Resolution No. 11-05 authorizes the Executive Director to make additions or modifications to the MOU that do not materially increase the obligations or liabilities of the Port. However, Port staff believes the proposed revisions are material and have returned this item to the Port Commission for its further review and consideration.

THIS PRINT COVERS CALENDAR ITEM NO. 8E

Modifications to the MOU

The MOU the Port Commission recommended on February 8, 2011 included three primary provisions:

1. Payment in Lieu of Rent which will total approximately \$6.7 million between FY 2011/12 through FY 2013/14. This payment functions as a General Fund set-aside and will neutralize any potential affect of the 34th America's Cup on the Port's rental revenue.
2. A contingent reimbursement for other Port project costs for the 34th America's Cup.
3. A commitment for a City contribution of \$6.5 million to the Pier 27 Cruise Terminal project that the Port would not be obligated to repay, subject to future approval by the Capital Planning Committee and subject to future Board of Supervisors appropriation.

The amended MOU includes only the first provision for payment in lieu of rent. This provision was the primary objective of the MOU, as it protects the Port from near term rent loss that would have otherwise impacted the Port's ability to issue new Port revenue bonds for the Pier 27 Cruise Terminal Project.

The Budget and Finance Committee recommended removing the second and third above-listed provisions for the following reasons:

- The contingent reimbursement for other Port project costs for the 34th America's Cup should be reviewed by the Board of Supervisors in the context of the annual appropriation ordinance since the project will include funding for several City Departments. The budget allocation should also be reviewed in the context of a sponsorship Agreement between the City and the America's Cup Organizing Committee (ACOC) that fully describes eligible expenses. The Office of Economic and Workforce Development and the ACOC are developing this Agreement.
- The commitment of a City contribution of \$6.5 million to the Pier 27 Cruise Terminal project should be deferred to a review of Fiscal Responsibility and Feasibility since the Pier 27 Cruise Terminal project budget is still under refinement and the \$6.5 million would not have resulted in a fully funded project at that time.

Relationship to CEQA Review

The HVA is subject to completion of environmental review of the Event under the California Environmental Quality Act (CEQA), including a full range of appropriate alternatives and mitigation measures for the Event in its entirety under CEQA. Since the designation of the City as host for the Event on December 31, 2010, City and Port staff have been meeting with Event Authority representatives to conduct the CEQA review process, which the City initiated by publishing a Notice of Preparation of an Environmental Impact Report on February 9, 2011.

The Host and Venue Agreement for the 34th America's Cup (HVA) may be subject to further changes in the course of public review of the Event during the extensive approval processes that will follow CEQA review and in response to other City, Port, and public concerns that may arise, and is limited to the uses currently proposed by the Event Authority, and does not cover all potential uses for the Venues, which the Port may consider in the course of the approval processes. The HVA may be amended to reflect any subsequent proposal to change the uses, the mix of uses, the intensity of development, or other fundamental terms, subject to Port Commission review and additional CEQA review, if the changes have not already been analyzed. The HVA is not intended to be, and will not become, contractually binding until CEQA review is complete. While the MOU implements certain obligations of the City and the Port in planning for the Event, should it be approved, approval of the MOU does not approve or finalize all of the material terms and conditions of the project.

Staff Recommendation

Port staff recommends that the Port Commission authorize the Executive Director to execute the MOU with the City's Controller, as revised in accordance with Board of Supervisors' resolution (File no. 10-1564).

Prepared By: Elaine Forbes, Deputy Director
Finance and Administration

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-20

- WHEREAS, Charter Section B3.581 provides the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
- WHEREAS, Under Charter Section 3.105B, the Controller is responsible for the timely accounting, disbursement, or other disposition of monies of the City in accordance with sound financial practices applicable to municipalities and counties; and
- WHEREAS, On December 31, 2010, San Francisco was selected to host the 34th America's Cup and related events, under the terms set forth in the Host and Venue Agreement previously approved by the Port Commission (Resolution 10-73) and the Board of Supervisors; and
- WHEREAS, Hosting the 34th America's Cup is anticipated to generate significant economic benefits, including an estimated \$1.4 billion of new spending and over 9,000 jobs, and at least \$19.5 million in additional tax revenue to the City; and
- WHEREAS, The benefits of hosting the 34th America's Cup are anticipated to accrue to the City's General Fund and to the broader regional economy, while the Port estimates incurring a net loss due to the 34th America's Cup resulting from (i) a net, short-term rent reduction of \$6.7 million resulting from the Port's obligation under the Host and Venue Agreement to provide the specified Port facilities to the Event Authority rent-free, and (ii) incremental race-related costs of \$2.6 million; and
- WHEREAS, The City Controller and the Port Commission have agreed to the terms of the proposed Memorandum of Understanding (MOU) between the Port and the City Controller, as revised in accordance with Board of Supervisors Resolution (File no. 10-1564), which requires the City Controller to transfer funds to the Port Commission, as permitted under San Francisco Charter Section B7.320, in order to offset the Port's net, short-term rent loss, with potential future consideration of transfers to offset certain race-related costs and to provide gap funding for the Port's Pier 27 Cruise Terminal project; and
- WHEREAS, Under the terms of the proposed MOU, the source of such payments to the Port could include (i) the City's General Fund, or (ii) to the extent such funds are available, private funds raised by the America's Cup Organizing Committee, a non-profit corporation, which anticipates

providing \$32 million to help offset the City's costs of hosting the 34th America's Cup; now therefore, be it

RESOLVED, That the City will conduct environmental review of the 34th America's Cup Event under the California Environmental Quality Act ("CEQA") and nothing in this resolution implements any approvals or facilities for the 34th America's Cup Event, or grants any entitlements to the Event Authority, nor does adoption of this resolution foreclose the possibility of considering alternatives to the proposal, mitigation measures or deciding not to grant entitlement or approve or implement any actions to construct necessary amenities for the 34th America's Cup Event after conducting appropriate environmental review under CEQA; and be it further

RESOLVED, That the Port Commission hereby: (1) authorizes the Executive Director to enter into the MOU with the Controller of San Francisco on terms consistent with the proposed MOU accompanying this Resolution (including any additions or modifications thereto that the Executive Director of the Port determines are in the best interests of the Port and are necessary or advisable to implement the MOU and do not materially increase the obligations or liabilities of the Port, will not have any material adverse fiscal impact on the Port or materially diminish the rights of or benefits to the Port and are necessary or advisable to implement the MOU and effectuate the purposes and intent of this Resolution, such determination to be conclusively evidenced by the Executive Director's execution and delivery of the MOU); and (2) confirms and ratifies all prior actions taken by any officials, employees and agents of the Port Commission with respect to implementing the MOU.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary

CITY AND COUNTY OF SAN FRANCISCO

EDWIN LEE, MAYOR

MEMORANDUM OF UNDERSTANDING

MOU M14962

BY AND BETWEEN

THE CONTROLLER OF THE CITY AND COUNTY OF SAN FRANCISCO

AND

THE SAN FRANCISCO PORT COMMISSION

Ben Rosenfield, Controller

Monique Moyer, Port Executive Director

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Ann Lazarus, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner



MEMORANDUM OF UNDERSTANDING
(MOU M- 14962)

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is dated and effective as of the last date set forth below, by and between the San Francisco Controller (the "Controller") and the San Francisco Port Commission (the "Port"), each of which is agency of the City and County of San Francisco (the "City").

RECITALS

A. The competition for the America's Cup, first held in 1851 at Cowes, England, is one of the oldest international sporting competitions and the world's premier yacht racing event. The Golden Gate Yacht Club of San Francisco ("GGYC") won the 33rd America's Cup match in Valencia, Spain on February 14, 2010 and is now trustee under the Deed of Gift dated October 24, 1887, between George L. Schuyler and the New York Yacht Club, as amended by final decisions of the Supreme Court of the State of New York (the "Deed of Gift"), governing the silver cup won by the yacht America in the first America's Cup competition. Under the Deed of Gift, GGYC is entrusted with the organization of the 34th America's Cup ("AC34" or the "Event").

B. GGYC has received and accepted the challenge of Club Nautico di Roma of Rome, Italy ("CNR"), and GGYC and CNR entered into The Protocol Governing AC 34, dated September 9, 2010 and executed September 13, 2010 (together with all attachments, schedules and appendices thereto, and any amendment or any replacement protocol that governs AC34, the "Protocol").

C. GGYC and CNR have appointed the America's Cup Event Authority (the "Authority"), under Article 4 of the Protocol, to organize and manage AC34, in association with America's Cup Race Management ("ACRM"). GGYC selected San Francisco as the host city for AC34 on December 31, 2010. Under the Host City and Venue Agreement (the "HVA") between the Authority and the City, certain of the America's Cup World Series Pre-regattas, the America's Cup Challenger Series, the America's Cup Defender Series (if held), and the America's Cup Match will be held in San Francisco Bay. The HVA is on file with the Clerk of the Board of Supervisors in File No. 10-1259. Capitalized terms used but not defined in this MOU have the meanings given to them in the HVA.

D. Under the HVA, the City offers the use of Port property rent-free for staging the Event and commits to perform certain Infrastructure Work and incur other Event-related costs ("Port AC34 Costs"). The City expects to incur these costs commencing in 2011 and ending 2014. If GGYC succeeds in defending the America's Cup, it may elect to hold subsequent America's Cup events in San Francisco, which would require new host and venue agreements and memoranda of understanding between the Controller and the Port.

E. Port staff, the Board of Supervisors' Budget Analyst, and the Controller have estimated lost rent and the costs of City Infrastructure Work on Port property. Reports of these estimates are on file with the Clerk of the Board of Supervisors in File No. 10-1259. Port staff and the Controller agree that these costs are greater than the Port's ability to pay with the Port's Harbor Fund. Since the benefits of the AC34 are expected to accrue to the City's General Fund and to the broader regional economy beyond the jurisdiction of the Port Commission, the Port, the Controller, and the Office of Economic and Workforce Development recommend that the City's General Fund and the nonprofit San Francisco America's Cup Organizing Committee fund the majority of the Port AC34 Costs.

F. The Port has issued outstanding, publicly-held debt in the form of Series 2010 A and B Revenue Bonds subject to a bond indenture (the "Port Indenture"). To provide the

greatest assurance to Port bondholders, the Port and the Controller recommend a binding agreement that protects the Port's Harbor Fund against certain of the Port AC34 Costs. Charter Section B7.320 permits the Mayor to submit to the Board of Supervisors for its approval a memorandum of understanding between the Port Commission and another department requiring the transfer of funds between the Port and another department.

G. Under the Burton Act (Chapter 1333 of Statutes 1968, as amended) and San Francisco Charter Section 4.114, the Port administers and controls the real property transferred to the City by the State of California, including the area encompassing the real property that is the subject of the HVA and this MOU.

H. Under Charter Section 3.105, the Controller is responsible for the timely accounting, disbursement, or other disposition of monies of the City in accordance with sound financial practices applicable to municipalities and counties.

AGREEMENT

1. Definitions. The following words and phrases have the following meanings in this MOU:

"CPI" means the Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics.

"Payments In-Lieu of Rent" means payments from the City to the Harbor Fund, as calculated by the Controller under Section 4.c of this MOU.

"Race" means the America's Cup World Series Pre-regattas, the America's Cup Challenger Series, the America's Cup Defender Series (if held), and the America's Cup Match.

"Rent Index" means the annual increase specified in the subject Port lease, for each Port lease at a Venue Site in effect as of January 1, 2011 for base rents, and the CPI for percentage or participation rents, wharfage, dockage, landing fees, and crane rental revenues.

"Tenant Relocation Cost" means any costs the Port incurs to relocate a tenant from a Venue Site to another facility, including all related legal costs.

"Venue Site" or "Venue Sites" means one or more Port facilities that will be used for staging or in preparation for staging AC34 in 2011-2014.

2. Term.

a. Term: The term of this MOU will begin on the date the resolution approving it becomes effective and end on the last day of fiscal year 2013-14.

3. AC34 Budget; Records.

a. The Port and the Controller will make available to each other such records and accounts as are necessary to track Port AC34 Costs and revenues associated with Port property on a timely basis, whether incurred by the Port or by the City. This information will include a list of all Port leases and licenses that are terminated or are permitted to expire in anticipation of occupancy by the Authority for Event-related purposes. The list will include a summary of Port lease and license terms, and all rents, including base and percentage rent, and other use fees and maritime related revenues.

Deleted: General Principles.

Deleted: ~~<#>~~General: The Port, and the Controller will monitor Port AC34 Costs and use best efforts to ensure that such costs are paid in a manner that: (i) preserves the Port's credit rating; (ii) maintains compliance with the Port Indenture; and (iii) does not reduce the Port's ability to make capital improvements to the waterfront.¶

4. Payments In-Lieu of Rent.

- a. Establishing Venue Site Baseline Rents: In the third quarter of FY 2010-2011, the Controller will determine the Venue Site Baseline Rents for Port facilities that will be used as Venue Sites for the AC34, equal to: (i) rents due to the Port in the month of January 2011 from all tenants; plus (ii) the monthly average wharfage, dockage, landing fees, and crane rental for the period between January 2010 and December 2010.
- b. Tracking Port Percentage Rents: Commencing in 2011, the Port will provide to the Controller quarterly reports of its percentage rent revenues from Port property.
- c. Calculation and Payment of In-Lieu of Rent: The Controller will calculate the Payment In-Lieu of Rent due to the Port in each fiscal quarter during the term of this MOU. Subject to the terms and limitations of Charter Section B7.320, the Controller will remit to the Port Payments In-Lieu of Rent until (and including a payment for) the fiscal quarter after the last fiscal quarter in which the Authority has occupied a Venue Site.
 - i. Step 1 - Calculation of Net Lost Rent from Venue Sites:
 - Determine the “Lost Gross Rent From Venue Sites,” which is a projection of the rent that the Port would have received from Venue Sites if the City did not host AC34, based on the Venue Site Baseline Rents as adjusted by the Rent Index.
 - Determine the “Residual Rent from Venue Sites,” which means any rent that continues to be due from Port tenants from Venue Sites in any fiscal quarter between 2011 and 2014.
 - Determine “Rent from Venue Site Relocated Tenants,” which means any rent the Port is due during a fiscal quarter from 2011 to 2014 from a Port tenant relocated from a Venue Site to another Port facility, less Tenant Relocation Costs.
 - Calculate “Net Lost Rent from Venue Sites” according to the following formula:
$$\begin{aligned} & \text{(Lost Gross Rent from Venue Sites)} \\ & \quad - \text{(Residual Rent from Venue Sites)} \\ & \quad - \text{(Rent from Venue Site Relocated Tenants)} \\ & \quad = \text{(Net Lost Rent from Venue Sites)} \end{aligned}$$
 - ii. Step 2 - Calculation of Percentage Rents from Non-Venue Sites:
 - Determine the “Race-Induced Percentage Rent Increase From Non-Venue Sites,” which means the participation or percentage rent that the Port is due, excluding rent from Venue Sites, during any fiscal quarter from 2011 to 2014.
 - Determine the “Inflation Adjusted Prior Year’s Quarterly Percentage Rent From Non-Venue Sites” by multiplying the participation or percentage rent that the Port is due, excluding rent for Venue Sites, in the fiscal quarter one year before any fiscal quarter for which a Payment In-Lieu of Rent is calculated, by 1.03.



- Calculate "Percentage Rents from Non-Venue Sites" according to the following formula:

$$\begin{aligned} & \text{(Race-Induced Percentage Rent Increase From Non-Venue Sites)} \\ & - \text{(Inflation Adjusted Prior Year's Quarterly Percentage Rent From Non-Venue Sites)} \\ & = \text{(Percentage Rents from Non-Venue Sites)} \end{aligned}$$

- Negative values for Percentage Rents from Non-Venue Sites will be disregarded in any calculation of Payment In-Lieu of Rent in Step 3.

iii. Step 3 - Calculation of Payment In-Lieu of Rent:

- Calculate "Payment In-Lieu of Rent" according to the following formula:

$$\begin{aligned} & \text{(Net Lost Rent From Venue Sites)} \\ & - \text{(Percentage Rents From Non-Venue Sites)} \\ & = \text{(Payment In-Lieu of Rent)} \end{aligned}$$

5. Notices. Any notice given under this MOU shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier return receipt requested, with postage prepaid, at the following addresses, or at such other addresses as either the Port or the Controller may designate by notice as its new address:

Address for Port:

Port of San Francisco
Pier One
San Francisco, CA 94111
Attn: Monique Moyer, Executive Director
Email: monique.moyer@sfport.com
Telephone No.: (415) 274-0401
Fax No.: (415) 274-0578

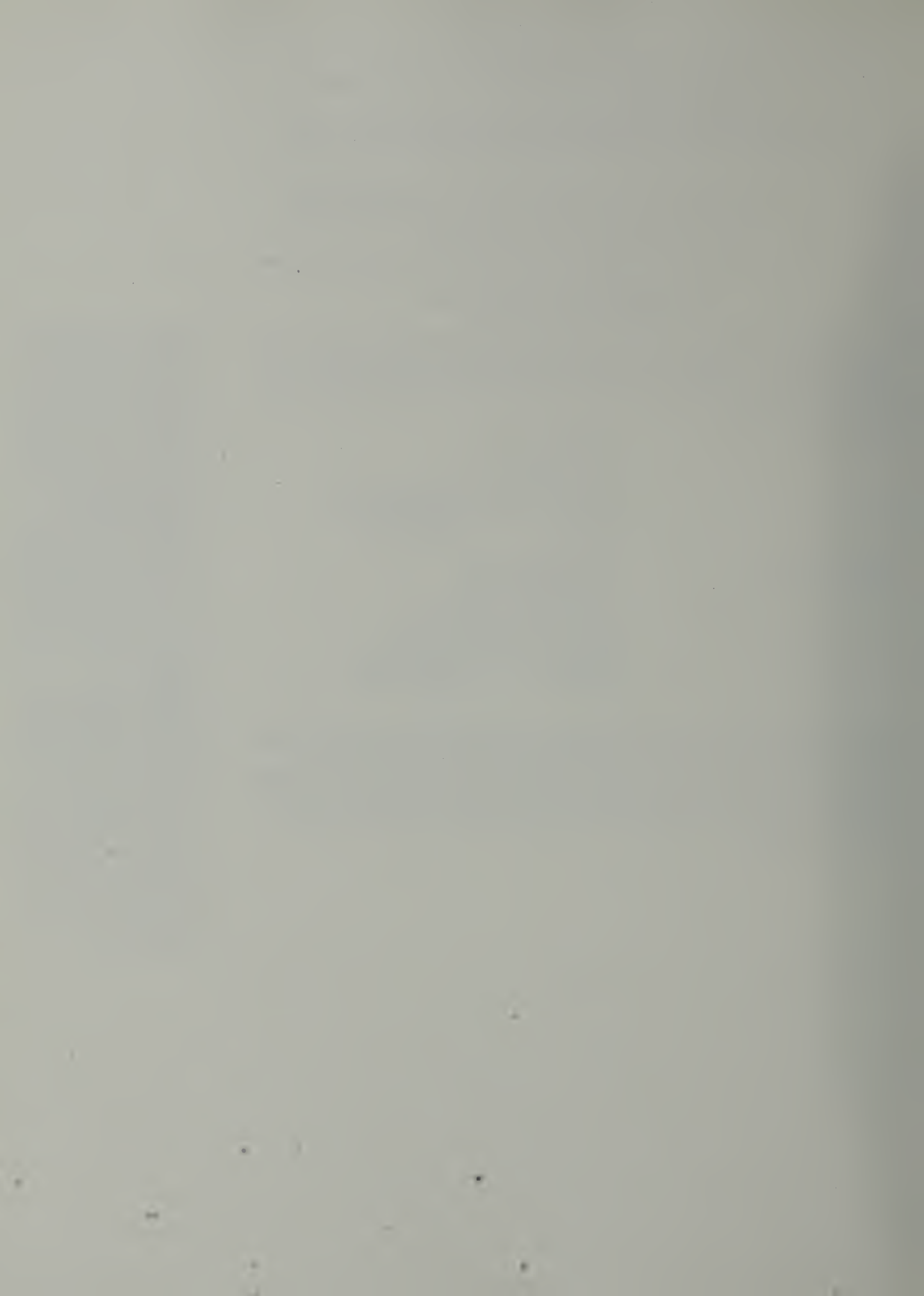
Address for Controller:

Office of the Controller
City Hall Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Ben Rosenfield, Controller
Email: ben.rosenfield@sfgov.org
Telephone No.: (415) 554-7500
Fax No.: (415) 554-7466

Any notice under this MOU shall be deemed to have been given two business days after the date when it is mailed if sent by first-class or certified mail, one business day after the date it is mailed, if sent by overnight courier, or on the date personal delivery is made. For convenience of the parties, courtesy notices may also be given by email, facsimile, or telephone to the address or numbers set forth above or such other address or number as may be provided from time to time; however, neither the Port nor the Controller may give official or binding notice by email, telephone, or facsimile.

Deleted: <#>Responsibility for Other Port AC34 Costs. Tenant Relocation Costs and Event-related staffing costs are anticipated to be reimbursed by private funds raised by the America's Cup Organizing Committee to the extent such funding is available. The Port and the Controller each will maintain and make available to each other an accounting of all Tenant Relocation Costs and Event-related expenditures in connection with the agreements and/or arrangements governing the use of such funds.¶
<#>Certification of Funds. The Controller will certify the use of any funds other than the Port's Harbor Fund, including private funds raised by the America's Cup Organizing Committee to the extent available for such costs, to pay for all other Event-related costs for which the City or Port is responsible under the HVA. The Controller will also certify the amount of debt or cash that is not repaid by the Harbor Fund to fund the costs of the City's Infrastructure Work (as defined in Article 6 of the HVA). ¶
<#>Pier 27. ¶
<#>Subject to appropriation by the Port Commission, the Mayor, and the Board of Supervisors, and compliance with CEQA, the Port will use revenue bonds or other debt, the Authority Infrastructure Work, and other available sources of funding to finance and construct the core and shell of a cruise terminal at Pier 27 by January 1, 2013.¶
<#>Subject to appropriation by the Port Commission, the Mayor and the Board of Supervisors and compliance with CEQA, the Controller will certify the availability of funds (currently estimated to be \$6.5 million) in City capital funding that is not repaid by the Harbor Fund to finance a portion of the Port's shortfall for the cruise terminal project to core and shell of a cruise terminal at Pier 27. ¶

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CITY AND COUNTY OF SAN
FRANCISCO, a municipal corporation
operating by and through its Controller

CITY AND COUNTY OF SAN
FRANCISCO, a municipal corporation
operating by and through the
San Francisco Port Commission

By: _____
BEN ROSENFELD
Controller

By: _____
MONIQUE MOYER
Executive Director

Date: _____

Date: _____

REVIEWED:
DENNIS J. HERRERA, City Attorney

REVIEWED:
DENNIS J. HERRERA, City Attorney

By: _____
Name: _____
Deputy City Attorney

By: _____
Joanne Sakai
Deputy City Attorney

Authorized by Port Resolution No. 11-20 and
Board of Supervisors Resolution No. _____



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval to award the Pier 70 Waterfront Site development opportunity to Forest City Development California, Inc. and to enter into exclusive negotiations for a lease and development agreement of 25 acres to achieve the objectives specified in the Port's August 30, 2010 development solicitation for the site

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

EXECUTIVE SUMMARY

This staff report discusses the outcome of the Request for Qualifications ("RFQ") seeking a developer for a 25 acre-portion of the Pier 70 Master Plan area. This area, called the "Waterfront Site", is shown on Exhibit A. Port Staff recommends that Forest City Development California, Inc. ("Forest City") be awarded the opportunity to enter into an Exclusive Negotiation Agreement ("ENA") with the Port for the Waterfront Site.

Of the responses received Forest City best meets the Port's needs for an experienced, financially capable developer. Forest City also demonstrated a strong understanding of the Pier 70 Preferred Master Plan ("Master Plan") and advanced a compelling vision for the Waterfront Site to realize the Master Plan implementation. The significant interest in Pier 70 – six responses to the RFQ – affirmed that this is the time to advance Pier 70 for revitalization.

Port Staff requests that the Port Commission authorize negotiation of an ENA that will guide the preparation of a development proposal for the site. This action would not approve any development project, only the parameters for considering a project.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

BACKGROUND

In April 2010, the Port published its Preferred Master Plan ("Master Plan") for the 69-acre Pier 70 area after an extensive community planning and technical feasibility analysis effort. On May 11, 2010, the Port Commission authorized two efforts to attract development partners to realize the Master Plan vision (Resolution 10-27).

- The "Waterfront Site" is the southeast 25 acres of the site with capacity for 2.5 million square feet of new development and over 250,000 square feet of historic buildings. This site's rent and tax revenues will support investment in parks, infrastructure and historic buildings for all of Pier 70. The RFQ for a development partner for this site was issued on August 30, 2011; responses were due on January 11, 2011.
- The 20th Street historic buildings were offered separately through a Request for Interest ("RFI") released on March 16, 2011.

The Pier 70 Master Plan provides a vision balancing sustained ship repair, historic preservation, new waterfront parks, and new development. As well as this land use vision, in the last several years, the Port has secured new public finance tools, approval mechanisms and undertaken substantial technical investigation of the site's historic resources and environmental conditions. Further Pier 70 development program details are needed to establish appropriate new zoning designations for Pier 70, understand infrastructure requirements and funding sources, and to fully access the public funding sources available from growth in payroll, hotel, and property taxes that will be needed to rehabilitate the historic buildings and build new parks.

Although the 20th Street historic buildings and the Waterfront Site are offered separately, the Port anticipates all of the developers/users at Pier 70, including the existing ship repair tenant, to collaborate in refining future plans for the area.

SUBMITTALS RECEIVED

Developer submittals were received for the Pier 70 Waterfront Site RFQ from the following parties, listed alphabetically:

- Build Inc.
- Forest City Development California, Inc.
- Mission Bay Development Group
- San Francisco Waterfront Partners
- TMG Partners/The Sobrato Organization
- United States, Department of Veterans Affairs, San Francisco Medical Center

Staff review of the submittals found four of the six most qualified to meet the requirements of the RFQ. The Department of Veterans Affairs and Build Inc. offered visions that may fit at Pier 70 in the future, but not as the Waterfront Site developer.

The four developers evaluated in depth were:

Forest City is a 90-year old, publicly-traded real estate developer with a strong San Francisco presence. It specializes in urban infill projects including many public/private partnerships. Forest City proposes creating an innovation cluster at Pier 70 coupling high quality office facilities with diverse activities and public amenities for the greater San Francisco community, in particular, artist, “makers”, and other creative sectors. Forest City would serve as both the developer and equity partner for the project. Their approach considers both an incremental, organic approach to Pier 70 as well as attracting large scale anchor tenants.

Mission Bay Development Group (“MBDG”) is a relatively new developer that is implementing the Mission Bay redevelopment plan for its current owners. The principals of MBDG have been associated with the Mission Bay project for over a decade through Catellus Development Company and Farallon Capital Management LLC. MBDG proposes a master developer approach to Pier 70 where it would lead entitlement efforts, infrastructure and park construction and financing (“horizontal development”). Third party developers and end-users would construct and operate the buildings (“vertical development”). MBDG has partnered with Cherokee Investment Partners as its equity investor. Cherokee is an opportunistic real estate development specializing in brownfield land development projects.

San Francisco Waterfront Partners (“SFWP”) is a San Francisco developer familiar to the Port as the developer of Piers 1½, 3, 5 and the prospective developer of 8 Washington/Seawall Lot 351. It is a partnership of Pacific Waterfront Partners and the California State Teachers Retirement System (“CalSTRS”). Its vision includes a marina and a waterfront hotel, adding areas just north of the Waterfront Site to its project concept. SFWP is targeting innovation companies and has identified several educational facilities as prospective tenants.

TMG Partners and The Sobrato Organization (“TMG/Sobrato”) are two of the largest San Francisco Bay Area real estate developers and investors. They propose a joint venture with TMG as the developer lead and Sobrato as an active investor, bringing its background in technology-focused business parks. The TMG/Sobrato submittal proposed to partner with the Port to choose a design team and develop a strategic approach to Pier 70.

Exhibit B presents an overview of the four submittals including the identified development team members. This information, where possible, reflects the submittals’ exact language and does not reflect staff analysis or judgment regarding the proposals.

As a qualifications and concept driven process, the RFQ did not require design or economic proposals. The RFQ asked respondents to provide the following information:

1. *Waterfront Site Vision/Concept*: including approach to project implementation, identified uses or users and market rationale, and financial structure for project.
2. *Benchmarks and Schedule*: to realize the project approval.
3. *Qualifications*: the developer’s experience completing projects similar in scale and complexity to Pier 70.
4. *Financial Capacity*: resources available to the developer to execute the project.

SUBMITTAL EVALUATION PROCESS

The RFQ established evaluation criteria, shown in detail in Exhibit C. General categories are: Approach (35 points), Experience (30 points), and Capacity (35 points). Port Staff, aided by consultants and an evaluation panel, evaluated the submittals. The members of the evaluation panel were:

- Steve Chamberlin, Chamberlin Associates, retired developer and real estate professor at Haas Business School
- Bijal Patel, Deputy Director, Property Development & Management, Santa Clara Valley Transit Authority
- Tracie Reynolds, Manager, Real Estate and Development Services, San Francisco Redevelopment Agency
- Corrine Woods, Central Waterfront Advisory Group, Mission Bay resident
- Jasper Rubin, Central Waterfront Advisory Group, planning professor at San Francisco State

This panel, with Port Staff, interviewed the four teams on February 23, 2011 and individually and independently scored each team on the evaluation criteria. Exhibit D includes the detail of the evaluation panel scoring.

Lawrence Brown of the Port's finance division reviewed the confidential financial statements and recommended the scoring for financial capacity. Economic Planning Systems, Inc. provided an analysis of how well each team's approach and experience meets the RFQ criteria (Exhibit E). Port staff reviewed each team's staff capacity based on the submittals and interviews and checked references for these developers.

EVALUATION RESULTS

Scores for each submittal using the 100 point RFQ evaluation metric are below.

	<i>Maximum</i>	<i>Forest City</i>	<i>MBDG</i>	<i>SFWP</i>	<i>TMG</i>
Approach	30	29.39	29.39	21.64	17.70
Experience	35	25.66	22.77	22.58	17.84
Panel Total ¹	65	55.05	52.16	44.22	35.54
Staff Capacity ²	10	9.00	6.00	6.00	9.00
Financial Capacity ³	25	25.00	18.00	20.00	20.00
Total Score	100	89.05	76.16	70.22	64.54

1. Panel scoring completed February 23, 2011

2. Evaluated by Port Staff based on submittal and interview.

3. Evaluated by Port Financial Analyst based on review of confidential financial materials.

The items scored by the technical panel (Approach and Experience) represent the average of the scores of the five panel members. Forest City scored the highest overall and in each category (tying with MBDG on Approach and with TMG/Sobrato on Staff Capacity).

Strengths of the Forest City submittal include:

- Broad experience in projects of similar scope and scale. Several projects had direct parallels to Pier 70 including the Washington Naval Yards (waterfront site near a working naval yard), University Park at MIT (technology campus on a land lease from Massachusetts Institute of Technology), and the Presidio Landmark (thoughtful new construction in a historic district).
- Senior staff nationally will be involved bringing specialized expertise and experience, with a strong local staff presence.
- Its conceptual market approach showed deepest thought on how to use Pier 70 site:
 - Addresses how economy is changing and differing demands for space.
 - Seek to draw SOMA/South Park type of innovation energy to Pier 70.
 - Builds on San Francisco's economic strengths of growing creative and technology enterprises.
- Exceptional access to capital with one entity serving as equity investor and developer. Forest City had assets of \$11.9 billion as of January 31, 2010. In addition, it can access equity through the sale of publicly-traded stock.
- Strong historic preservation experience and experience in new construction in historic districts.
- Build and hold business model suits the Port's need for a long-term partner to realize the Port's Pier 70 Master Plan vision well.

PUBLIC OUTREACH

On February 22, 2011, the Port Commission heard short presentations from the four developers regarding their qualifications and approach to undertake the Pier 70 project. At this time, the developers' summaries of each submittal were made public.

The Port's Central Waterfront Advisory Group (CWAG), coordinating with the Potrero Boosters and Dogpatch Neighborhood Associations, hosted a community meeting at the Potrero Hill Neighborhood House on Monday, March 7, 2011. Over 50 people attended including neighbors from Potrero Hill, Dogpatch, Showplace Square, Mission Bay and China Basin, as well as District 10 Supervisor Malia Cohen.

Each of the four prospective developers discussed one of the eight RFQ objectives for the Waterfront site. After each presentation, members of the CWAG asked questions and then members of the public asked questions of each team.

After these presentations, and without prospective developer input, the CWAG members and the public discussed the four developers, identifying strengths and issues of concern, included as Exhibit G. This meeting was very productive in advancing the communities' understanding of options for the site's future and demonstrated continuing support for the Master Plan goals of revitalizing Pier 70.

EXCLUSIVE NEGOTIATIONS PROCESS

The Port Commission has the sole discretion to award the development opportunity. Upon the Port Commission's award, Port Staff and Forest City would negotiate the terms of an ENA committing the Port to not enter negotiations concerning the Waterfront Site with any other party (other than for interim use) during the exclusive negotiation period. The ENA will also govern how the required agreements will be negotiated. It will specify time frames and milestones for Port Commission, Planning Commission, and Board of Supervisors review and approval.

During the period of exclusive negotiations, the following events are anticipated:

- The developer will prepare a development project proposal to respond to the objectives of the RFQ, in the context of the Master Plan
- The Port and the Developer will negotiate documents for the lease and development of the site, including the Port's and developer's respective responsibilities, the economic parameters, development standards and requirements, and a performance schedule, in a final form approved by the City Attorney's Office.
- The developer will complete its due diligence review of the site, finalize financial projections and complete preliminary site plans.
- The developer will secure financial commitments for the proposed project from lenders and/or equity sources and preliminary sublease commitments from proposed anchor tenants.
- The developer, with the Port's cooperation, will refine the Pier 70 Master Plan, and complete the Master Plan and Waterfront Site project approval processes and any required environmental review.

Entering into negotiations is not an approval of Forest City's project concept, nor does it commit either party to the Waterfront Site project. As outlined in the RFQ and Master Plan, numerous policy actions must be taken prior to approval of development of the Waterfront Site.

NEXT STEPS

If authorized by the Port Commission, Port Staff will negotiate the terms of an ENA. On or before July 12, 2011, the Port Commission would then review and authorize the execution of the ENA, or authorize more time to negotiate the ENA, if it determines that the parties have made substantial progress toward agreement. Subsequent to ENA approval, Staff would return to the Port Commission for direction as we work with Forest City to develop a project concept and entitlement strategy for Pier 70.

The RFQ called for the Waterfront Site developer to aid the Port in advancing the Master Plan vision including the following efforts:

- Further the vision for the entire Pier 70 area (with the Port and stakeholders) and develop site plans with private sector expertise.
- Develop an infrastructure plan for new streets and extensions of existing streets, utilities, and other infrastructure that includes the full 69 acres, and off-site needs.
- Identify the development program for the Waterfront Site.
- In collaboration with the Port, secure entitlements for the entire Pier 70 area that meet the Waterfront Site project needs and establish the framework for the area as a whole.
- Working with the Port, secure public finance and other approvals from Board of Supervisors using mechanisms authorized by San Francisco voters in 2008.

RECOMMENDATION

Based on the assessment of the submittal using the RFQ evaluation criteria, Port staff recommends that the Port Commission award the Pier 70 Waterfront Site development opportunity to Forest City Development California and enter into exclusive negotiations for a lease and development agreement of 25 acres to achieve the objectives specified in the Port's August 30, 2010 development solicitation for the site.

Prepared by: Kathleen Diohep, Project Manager
Lawrence Brown, Financial Analyst

Through: Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits

- A. Waterfront Site Map
- B. Summary of Developer Submittals
- C. Evaluation Criteria
- D. Evaluation Panel Scores
- E. Economic Planning Systems Report
- F. CWAG Comments

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-21

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The Port owns an approximately 69-acre site, located on San Francisco's Central Waterfront, between 18th and 22nd Streets and east of Illinois Street, known as Pier 70; and
- WHEREAS, In late 2006, the Port initiated a community planning process to develop a master plan and in July 2009, after six informational Commission hearings, four community workshops, Central Waterfront Advisory Group policy discussions, and additional community outreach, the Port published its draft Preferred Master Plan for review, and after an additional informational Port Commission hearing on March 9, 2010, the Port published its final Pier 70 Preferred Master Plan ("Master Plan") , which addresses policymaker and community comment; and
- WHEREAS, On May 11, 2010, by Resolution 10-27, the Port Commission endorsed the vision, goals, objectives, and design criteria of the Master Plan for Pier 70 which identifies about 3 million square feet of capacity for new buildings and 700,000 square feet of potential adaptive reuse capacity, and a system of infrastructure, roadways, shoreline parks, plazas and open space while retaining 17 acres for ship repair use; and
- WHEREAS, Twenty five acres in the southeast corner of Pier 70 (the "Waterfront Site") presents an opportunity for new development to generate rent and tax revenues to support the Master Plan's goals; and
- WHEREAS, The Port Commission, by Resolution 10-27, established the development parameters for the Waterfront Site, authorized a developer qualifications solicitation process, and on August 30, 2010, the Port issued the Pier 70 Waterfront Site Request for Qualifications (RFQ); and
- WHEREAS, Six parties submitted timely submittals to the Port; and, of these, four were found to be qualified and responsive to the RFQ requirements; and
- WHEREAS, Port staff convened an evaluation review panel of five persons with experience in real estate economics, land use planning and architecture/urban design to review the responses against the RFQ objectives and evaluation criteria; and

- WHEREAS, The evaluation panel, Port Staff, and consultants found that Forest City Development California, Inc ("Forest City") has the qualifications needed for the Pier 70 effort and its proposed vision complies with the development objectives identified in the RFQ; and
- WHEREAS, Forest City is a subsidiary of Forest City Enterprises, Inc., a 90-year old, publicly traded development company with assets of \$11.9 billion as of January 31, 2010, demonstrating substantial financial capacity for the Waterfront Site effort; and
- WHEREAS, The Port Commission has reviewed and evaluated the analyses prepared by Port staff, consultants, the Central Waterfront Advisory Group, and the evaluation panel, the Port Staff recommendations set forth in the Staff Report accompanying this resolution, and has determined that Forest City possesses the qualifications and financial capacity required by the RFQ and presents an approach to Pier 70 that meets Port's objectives for the Waterfront Site; therefore be it
- RESOLVED, That the Port Commission hereby awards to Forest City the Pier 70 Waterfront Site development opportunity and directs Staff to negotiate the terms of an exclusive negotiations agreement for lease and development of the Waterfront Site to achieve the objectives specified in the RFQ for a period of time ending July 12, 2011, unless the Port Commission extends this period based on confidential consultations with Staff and its determination that the parties have made substantial progress towards reaching agreement; and be it further
- RESOLVED, The Port Commission must approve the terms of an Exclusive Negotiations Agreement establishing performance benchmarks for the Waterfront Site and authorize the Executive Director of the Port, or her designee to execute that agreement; and be it further
- RESOLVED, That the Port Commission reserves the right, if negotiations with Forest City are unsuccessful and do not lead to approval of an ENA or a development agreement, lease and related documents to undertake other efforts including, but not limited to, determining no project will be pursued, selecting a tenant by any other means, negotiating with any other respondent, issuing a new development solicitation at the Port Commission's sole discretion; and be it further
- RESOLVED, That awarding the development opportunity to Forest City begins a process of defining a project for the Waterfront Site and the development concepts envisioned in the Master Plan and the RFQ and in the Forest City submittal will evolve through the extensive public review process including changes to the uses, the mix of uses, the intensity of development or other fundamental terms, all leading to a final project proposal, subject to Port Commission review; and be it further

- RESOLVED, That the direction to staff to negotiate an ENA does not commit the Port Commission to approval of the terms of the ENA or any specific development concept or project proposal, nor will the ENA or the project review process it establishes foreclose the possibility of alternatives development concepts, mitigation measures, or deciding not to grant entitlement or approve the lease and development of the Waterfront Site; and be it further
- RESOLVED, That entering into exclusive negotiations does not commit the Port Commission to approval of a final lease or related documents and that the Port Commission shall not take any discretionary actions committing it to the project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA); and be it further
- RESOLVED, That the Port Commission expresses its thanks and appreciation to the Central Waterfront Advisory Group and the Waterfront Site Evaluation panel for their participation in and support of the Port's evaluation of responses to the RFQ.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 12, 2011.

Secretary

Exhibit A PIER 70 WATERFRONT DEVELOPMENT SITE

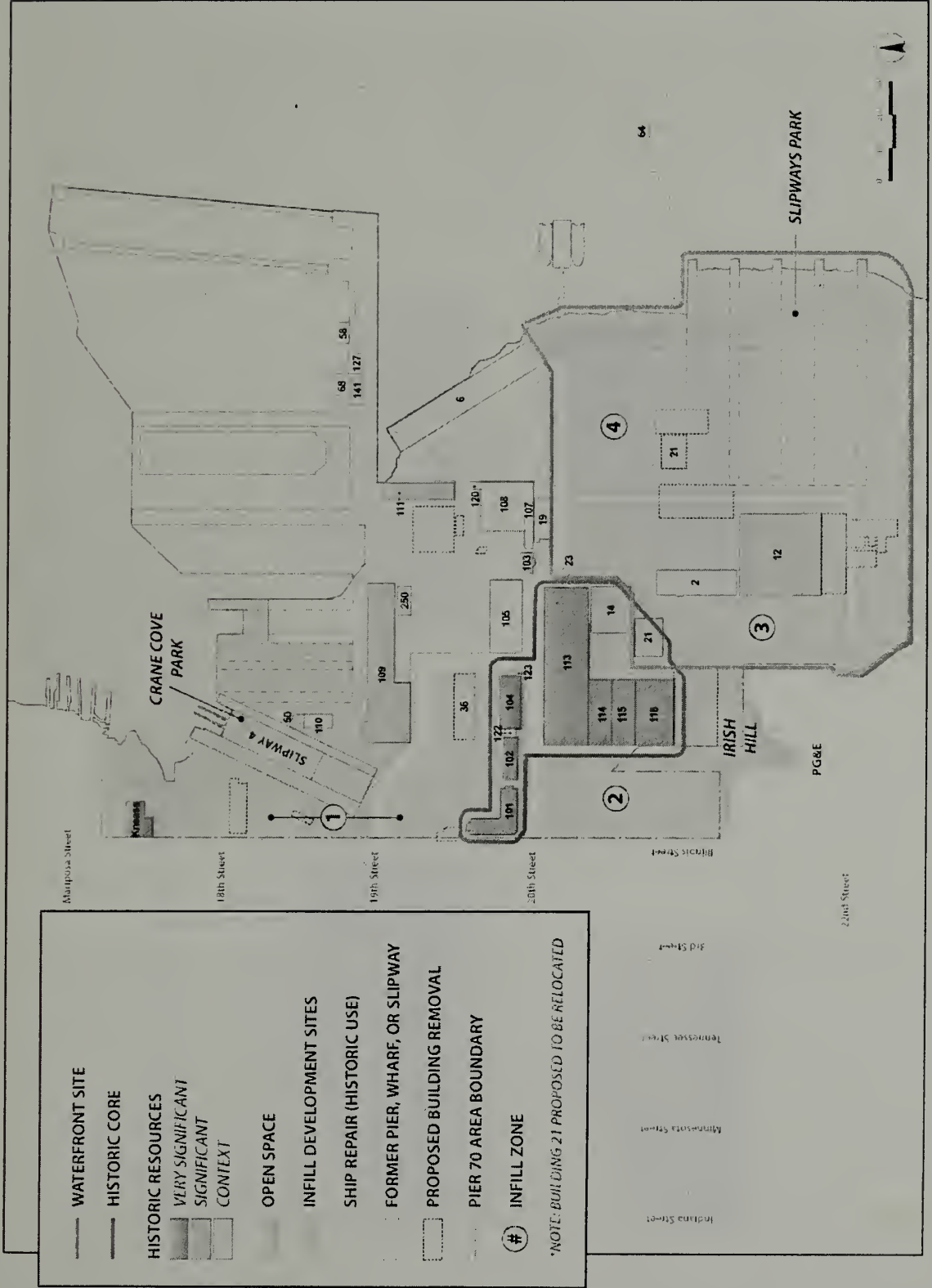


Exhibit A
PIER 70 WATERFRONT DEVELOPMENT SITE





WATERFRONT SITE RFQ BUILDINGS		
Building 12 sq. ft.	120,000	Building 2 97,000 sq.ft.
		
Building 21 Risdon Ironworks	10,000 sq.ft.	Noonan Building 33,000 sq.ft.
		

Exhibit B

SUMMARY OF RESPONSES TO PIER 70 WATERFRONT SITE RFQ

Entity	Forest City Development California	Mission Bay Development Group	San Francisco Waterfront Partners	TMG Partners/Sobrato Org.
Team	Subsidiary of Forest City Enterprises, Inc., publicly traded company; vertically integrated with management company	Joint venture of MBDG (10%) and Cherokee (90%). MBDG management; Cherokee equity investor and advise on environmental	SFWP managing member CalSTRS; other institutional investors	50/50 Joint Venture of TMG and Sobrato
	Architect	AECOM/Evan Rose	Skidmore, Owings and Merrill	Will select later
	Landscape Arch	Hargreaves Associates	Conger Moss Guillard	
	Historic Architect	Page & Turnbull Carey & Co	Page and Turnbull	Page & Turnbull
	Legal	Coblentz Patch, Dufty & Bass Holland & Knight	Gibson Dunn Farella Braun	Coblentz Patch, Dufty & Bass Holland & Knight
	Engineers	BKF Fehr+Pehrs Freyer+Laureta Moffat+Nicol	Sherwood Engineering	BKF Engineers
	Contractor	Nibbi Brothers	Bovis Lend Lease	
	Environmental LEED Other		Mactec	PES Environmental Simon & Associates
	Brad Paul Local arts/tech advisors			
	• The Yards (\$1.2B, off/retail, in const.) • Stapleton (\$4B res/office/retail) • MetroTech Center (\$2B office) • University Park MIT (\$424M biotech/res/office/retail) • Presidio Landmark (\$110M res) • Westfield SF Centre(\$433M retail/off) • 5M Project (Office/Light Ind)	• Mission Bay (\$9B, res/office/biotech) • Alameda Baypoint (\$375M res) • Santa Fe Place, (\$500M, res/retail/office/hotel/museum/rail station) • Fouborg Boisbriand (\$1B, res/retail/office) Quebec	• The Piers (\$64M office/retail) • Watermark (\$97M residential) • Pan Pacific Hotel (\$100M) • Embarcadero Center (office/retail) • Peachtree Center (\$800M office/ retail)	• Hamilton Field, (\$100M, 300 acres, res, office, retail) • Emerybay, 80 ac., office, res • Crossings , 20 acres, res, retail, hotel • Midpoint Tech Park; 1M sf office • Nvida HQ, 450,000 sf office • Mission Corp Center; 690,000 off • Apple HQ, 860,000 office
Key Experience				

Exhibit B

SUMMARY OF RESPONSES TO PIER 70 WATERFRONT SITE RFQ

	<i>Forest City Development California</i>	<i>Mission Bay Development Group</i>	<i>San Francisco Waterfront Partners</i>	<i>TMG Partners/Sobrato Org.</i>
Approach	<p>Envision an innovation cluster that combines high quality office space with "diverse and inspiring public amenities for the broader San Francisco community". Would attract both mature biotech, high-tech and marine sciences companies, and start-up companies, machine shops, prototyping/testing, artist studios, and tech incubators for adaptive reuse of historic structures</p> <p>Key "magnet uses" would include "prototyping, making and art"; "collaboration, exchange and demonstration"; and health/fitness, entertainment, experimental retail".</p>	<p>Technology campus including 2-2.1 M sf of biotech, healthcare, software, digital design, institutional/campus users, etc. Three alternative site plans are offered, each with a different version of Slipway Park.</p> <p>"major investment in the 20th and 22nd Street corridors, reinforcing connections to the waterfront and providing the backbone for rehabilitating the historic district. A primary north/south corridor between the two is aligned to highlight and celebrate the beauty of Building 12, to be restored and occupied with PDR users at the ground floor, operating as a sort of small business incubator for the site."</p>	<p>Flexible office/loft space appealing to innovation/tech community. Include residential uses and Digital Arts and Trade Schools. A hotel and marina, support infill retail along 20th Street. Propose to prepare integrated Master plan for the entire site.</p> <p>"Our approach will be threefold: A. Immediately stabilize any of the historic structures that are in danger. B. Expand and complete a detailed master plan for the entire Pier 70 and secure necessary entitlements. C. Immediately commence a speculative development of between 250,000 and 400,000 square-foot comprised of adapted historic buildings and new structures."</p>	<p>"We intend to work closely with the Port to achieve the goals of the Pier 70 Master Plan. Our proposed "vision" and "approach" are to develop ways to finance, schedule, and execute on the vision contained in the Pier 70 Master Plan."</p> <p>First steps: infrastructure planning, entitlements while Port resolves State Lands, BCDC.</p>
Business Model	<p>"self-finance projects, reducing dependence on capital markets"</p> <p>Hold assets long-term.</p> <p>"We are able to either phase the development incrementally and organically, as we build IFD, Prop D and other revenues over time, or we can move more quickly by securing a large anchor tenant."</p>	<p>"All entitlement work, infrastructure and park construction (horizontal development) and property management will be carried out by MBDG and its consultants/contractors, while building construction (vertical development) will primarily be carried out by third party developers and end-users."</p>	<p>Develop 250,000 to 400,000 square feet of speculative space in first phase.</p> <p>"We envisage co-investment in the "horizontal" pre-development and entitlement costs by both parties (SWFP and the Port)"</p> <p>After entitlement, "the Port and SWFP will together to market certain defined sites to other developers on a competitive basis, either through a tendering process or by joint venturing with other qualified developers."</p>	<p>"TMG/Sobrato is prepared to fund up front costs for environmental review, infrastructure design, and prepare a detailed phased infrastructure and development plan"</p> <p>Large users in build-to-suit buildings Master ground lease – want longer than 66 years.</p>

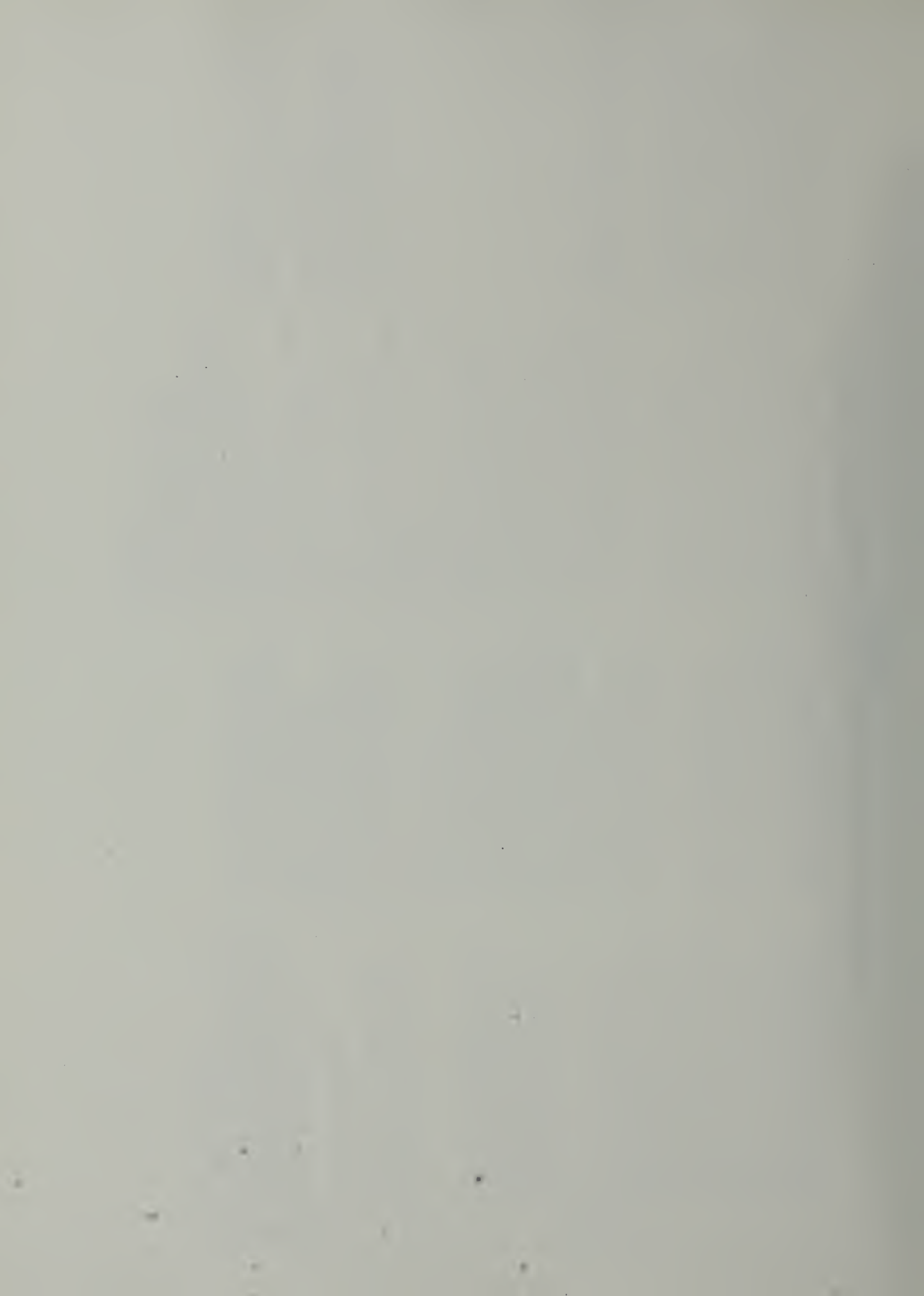


Exhibit C
Pier 70 Waterfront Site Request for Qualifications
Evaluation Criteria

1. APPROACH (35 POINTS)

- a. Ability to meet the Port's Objectives for the Waterfront Site with the team and project vision submitted.
- b. Fit of proposed vision, approach, schedule, and conceptual financial structure for the Waterfront Site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.
- c. Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.
- d. Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.

2. EXPERIENCE (30 POINTS)

- a. Successful track record of developing complex, large-scale developments, including former industrial and waterfront sites.
- b. Experience with historic rehabilitation meeting the Secretary of Interior's Standards for the Treatment of Historic Properties.
- c. Experience with building new structures in the context of a historic district.
- d. Proven ability to work with public agencies, particularly in a waterfront context, to achieve development desired by the public sector.
- e. Proven track record of completing projects of comparable type, scope, and quality envisioned.
- f. Proven ability to implement projects quickly, effectively, and on budget.
- g. Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of projects.
- h. Track record of local hiring and participation of locally owned businesses in prior projects.
- i. Demonstrated ability to partner with local organizations and/or address community concerns.

3. CAPACITY (35 POINTS)

- a. Financial capacity to develop the Waterfront Site. Proven ability of developer to possess or attract equity and debt capital for a project of this type as evidenced by:
 - i. financings of comparable projects,
 - ii. financial status, and
 - iii. on-going relationships with financial sources.
- b. Sufficient staff and consultant resources to meet the project objectives.

Exhibit D

TECHNICAL PANEL SCORES FOR PIER 70 WATERFRONT SITE RFQ SUBMITALLS

APPROACH CRITERIA	Max Score	Forest City	MBDG	SFWP	TMG
Ability to meet the Port's Objectives for the Waterfront Site with the team and project vision submitted.					
· Serve as the catalyst project for Pier 70 to achieve the site-wide goals established in the Master Plan, in particular, securing the necessary entitlements and approvals for public financing to fund site-wide public benefits.	3	2.56	2.56	1.66	1.3
· Create a first class jobs center at Pier 70 that complements existing ship repair operations and reestablishes Pier 70 as a major economic hub for San Francisco. At build-out, the Port expects the Waterfront Site to represent a significant employment center with jobs well-matched to San Francisco's workforce.	3	2.47	2.51	1.78	1.34
· Generate land value, tax revenues, and investment needed to support the infrastructure, parks, and historic rehabilitation investments to realize the Pier 70 Master Plan.	3	2.66	2.7	1.42	1.2
· Design and development of new buildings that enhance and respect the site's historic resources and overall the historic district.	3	2.7	2.48	2.4	1.2
· Open the eastern shore of the site to the public with a major new waterfront park.	2	1.84	1.86	1.9	1.1
· Create business and employment opportunities for local workers and businesses during the design, construction and operation phases of the project.	2	1.56	1.8	1.5	1.44
· Strive for a "carbon-neutral" development program minimizing the reliance on the private automobile and enhancing the pedestrian experience of this historic site and the bayshore.	2	1.6	1.58	1.56	1.4
· Integrate Pier 70 into the eastern neighborhoods of San Francisco through new street networks and destinations that bring people to the Bay's edge.	2	1.62	1.72	1.6	1.32
Fit of proposed vision, approach, schedule, and conceptual financial structure for the Waterfront Site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.	5	4.2	4.14	2.84	1.8
Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.	5	4.12	4.32	2.56	2.4
Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.	5	4.06	3.72	2.42	3.2
Approach Total	35	29.39	29.39	21.64	17.7

Exhibit D

TECHNICAL PANEL SCORES FOR PIER 70 WATERFRONT SITE RFQ SUBMITALLS

EXPERIENCE CRITERIA	Max Score	Forest City	MBDG	SFWP	TMG
Successful track record of developing complex, large-scale developments, including former industrial and waterfront sites.	5	4.54	3.88	3.1	2.76
Proven ability to implement projects quickly, effectively, and on budget.	5	4.22	4	3.52	3.18
Experience with historic rehabilitation meeting the Secretary of Interior's Standards for the Treatment of Historic Properties.	5	4.26	2.6	4.26	2.9
Proven track record of completing projects of comparable type, scope, and quality envisioned.	3	2.72	2.42	1.84	1.6
Experience with building new structures in the context of a historic district.	3	2.7	1.8	2.2	1.5
Proven ability to work with public agencies, particularly in a waterfront context, to achieve development desired by the public sector.	3	2.48	2.81	2.7	1.82
Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of projects.	2	1.54	1.62	1.55	1.4
Track record of local hiring and participation of locally owned businesses in prior projects.	2	1.6	1.81	1.66	1.3
Demonstrated ability to partner with local organizations and/or address community concerns	2	1.6	1.83	1.75	1.38
Experience Total	30	25.66	22.77	22.58	17.84

EXHIBIT E

MEMORANDUM

To: Kathleen Diohep

From: James Musbach and Rebecca Benassini

Subject: Waterfront Site Development RFQ Evaluation; EPS #20060

Date: March 16, 2011

The Port of San Francisco



The Port of San Francisco retained Economic & Planning Systems to assist in the evaluation of the responses to the Port's Waterfront Site Development Request for Qualifications (RFQ). The Waterfront Site is a 25-acre area within the Port's Pier 70 area, located in San Francisco's Central Waterfront area. The Port received six responses to the RFQ. Based on an initial review with Port staff, four of those submittals were considered to be complete and met the minimum qualifications for submittals, as set forth in the RFQ. The Port retained EPS to conduct a detailed evaluation of the four minimally qualified respondents.

This evaluation has been conducted based on the written responses to the RFQ. It is important to note that the development teams also interviewed with a panel selected by the Port. In addition, Port staff conducted reference checks. This document focuses only on the written responses provided to the RFQ. The results of the interviews and reference checks are discussed in a Port staff report.

It is important to note that this evaluation does not present scores for the respondents. Rather, each respondent has been compared to one another for each evaluation criteria.

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Summary of RFQ Respondents

The attached pages summarize responses from four teams:

- San Francisco Waterfront Partners
- Mission Bay Development Group
- Forest City
- TMG/Sobrato

Evaluation Organization

The RFQ sets forth a 100-point scoring system, combining the written results and the results of the interviews. The points system is included as **Exhibit A**. The four respondents have been evaluated on the basis of the Criteria set forth on pages 30 and 31 in the RFQ (and included here as **Exhibit B**). Note that each respondent has been evaluated with respect to:

Criterion 1: Approach and

Criterion 2: Experience.

The analysis of the responses has been separated into two sections:

- **Rankings.** **Tables 1** and **2** summarize the evaluation. Each of the respondents has been ranked for each Approach and Experience criterion as *Excellent, Good, Adequate, Inadequate, or Insufficient Information*. In cases where insufficient information was provided in the written documents, interview and reference checks were used to supplement information pertaining to the criteria. This was particularly true for *Criterion F: Keep projects to budget and schedule*, for which all respondents provided little information.
- **Detailed Evaluation.** The Detailed Evaluation provides an overview of each respondent, by criterion, as well as EPS's analysis of the written response.

RANKINGS

Table 1. Summary of Approach Evaluation

Approach Evaluation	Waterfront Partners	Forest City	MBDG	TMG/ Sobrato
a) Ability to meet the Port's Objectives for the Waterfront Site (Section III.C) with the team and project vision submitted.	Good	Excellent/ Good	Good/ Adequate	Inadequate
b) Fit of proposed vision, approach, schedule, and conceptual financial structure for the Waterfront Site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.	Good/ Adequate	Excellent	Good/ Adequate	Adequate
c) Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.	Good/ Adequate	Good	Good/ Adequate	Inadequate
d) Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.	Good	Good	Good	Good

Table 2. Summary of Experience Evaluation

Experience Evaluation	Waterfront Partners	Forest City	MBDG	TMG/ Sobrato
a) Overall Track Record	Good	Excellent	Good/ Adequate	Good
b) Historic Rehab	Excellent	Excellent	Inadequate	Good
c) New Structures in Historic District	Excellent/ Good	Excellent/ Good	Inadequate	Good
d) Public agencies, esp. waterfront	Excellent	Excellent/ Good	Good/ Adequate	Good
e) Comparable projects	Good/ Adequate	Excellent	Good/ Adequate	Good
f) Keep to budget/schedule	Insufficient Info.	Insufficient Info.	Insufficient Info.	Insufficient Info.
g) Sustainability	Good/ Adequate	Excellent	Good/ Adequate	Good
h) LBEs	Excellent	Good	Excellent	Good/ Adequate
i) Local org partnering/Community	Good	Excellent	Good	Excellent/ Good

P:\20000s\20060Pier70\Report\[16Mar2011_Tables1_2.xls]Approach

DETAILED EVALUATION: WATERFRONT PARTNERS

Approach Criteria A:

Meet Port's Objectives for Waterfront Site. Port Objectives are listed below, see i-viii.

i. Serve as a catalyst project for Pier 70

Response: Vision to have all of Pier 70 become an Innovation and Information Community (I2C). Waterfront site would feature flexible office/loft type space appealing to innovation/tech community. Project would form nucleus of new district in City; no campus. Include residential uses and Digital Arts campus and Trade Schools America. Develop 250,000 to 500,000 square feet of speculative space in first phase. Would build out 20th Street from Illinois Street to the waterfront in first phase to create a hub of activity, including a hotel and marina, at east end of 20th Street to support infill retail along 20th Street. Would like to swap land with BAE to incorporate Building 6 on waterfront, and control property along 20th Street to accomplish. Respondent notes: "20th Street from Illinois to the waterfront is the gateway to the Waterfront Site and must be developed as an attractive statement of all that the future project promises to be. It must be developed as one bold stroke in the first phase of the project" SFWP proposes to prepare integrated masterplan for the entire site.

Analysis: Detailed vision set forth for the site plus some portions of Pier 70 that were not offered in the RFQ. Accomplishing vision is contingent upon speculative development and BAE land swap. Respondent notes that 20th Street buildings should also be done in Phase 1.

ii. Create a first class job center that complements existing ship repair

Response: Would include Digital Arts and Trade Schools to facilitate employment and partner with local unions and SF Made to employ graduates. Office space targeted to creative, tech/innovation sectors.

Analysis: Approach provided is plausible and well thought out.

iii. Generate Land Value, tax revenues, and investment

Response: If feasible, aggressive first phase development would generate tax revenues and land values early on in project.

Analysis: Aggressive first phase; not clear what entity would run the conceptual Digital Arts campus. Trade Schools America is envisioned as a collaboration among entities like City College, California College of the Arts, Mission Language, and the Jewish Vocational School. These types of non-profit/educational users may not generate as much land value as commercial uses.



iv. Design and development of new buildings that enhance and respect historic resources

Response: New structures would be modern but reflect evolution of the site, use simple forms and industrial materials.

Analysis: Approach indicates understanding of design within a historic setting.

v. Open eastern shore to the public with major new waterfront park

Response: Propose swapping land with BAE to create market hall in Building 6 and a marina, both in first phase. The marina would adjoin Slipway Park, which would be programmed with a variety of active uses, including kayak launch, water taxi, ferry terminal, band shell and restaurant.

Analysis: Approach provided is credible, though requires BAE land swap and a marina which may be difficult to finance and construct and may be costly to maintain.

vi. Create business and employment opportunities for local workers and businesses

Response: State intention to meet or exceed City's goals. Would seek to include Digital Arts and Trade Schools in project, and partner with local unions and SF Made to employ graduates.

Analysis: Respondent intends to meet/exceed City goals, partnering with Digital Arts and Trade Schools, local unions and SF Made.

vii. Strive for "carbon-neutral" development program

Response: State intention to embed sustainability into design process through building design and construction methodology, building operations, and travel to and from the project.

Analysis: Approach provided is plausible and well thought out.

viii. Integrate Pier 70 into eastern neighborhoods

Response: Strong emphasis on integration with surrounding neighborhoods to create a new area of the City. Want to avoid "campus" feel of UCSF and traditional business parks. Would extend the street grid and create uses on waterfront, such as a market hall and recreational activities that would draw from neighborhoods.

Analysis: Extending street grip, avoiding UCSF-campus feel, and activating waterfront all consistent with integrating Pier 70.

Approach Criteria A Rank: Good



Approach Criteria B:

Fit of proposed vision, approach, schedule, and conceptual financial structure for the waterfront site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.

Response: Aggressive proposal for first phase development, including all of 20th Street, and 250,000 to 400,000 square feet of new and historic rehab in first phase. Accomplishing these goals would require swapping land with BAE, control of buildings along 20th Street which are not part of Waterfront property offering, and substantial financing of speculative development. Market and financial feasibility of approach is uncertain.

Analysis: Conceptual financial structure envisions sharing predevelopment and entitlement costs with the Port, with a commensurate return to each party upon vertical development of parcels. Port would contribute land and receive share of vertical development proceeds in return.

Approach Criteria B Rank: Good/Adequate

Approach Criteria C:

Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.

Response and Analysis: Aggressive first phase may not be feasible from a market and financial standpoint, and would require property swap, and additional property beyond Waterfront parcel. Ability to attract Digital Arts and Trade Schools and get payment for land uncertain. Proposal to put parking underground may be financially infeasible.

Approach Criteria C Rank: Good/Adequate

Approach Criteria D:

Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.

Response and Analysis: Only identified users are Digital Arts and Trade Schools. Minimal experience with biotechnology and industrial tenants. Simon Snellgrove involved in Embarcadero project, but not likely any remaining connection to tenants.

Approach Criteria D Rank: Good

Experience Criteria A:

Successful track record of developing complex, large-scale developments including former industrial and waterfront sites.

- Response:*
- 8 Washington (\$350M, Res.)
 - The Piers (\$64M Office/Retail/Water taxi/Yacht)
 - Watermark (\$97M Res.)
 - Pan Pacific Hotel (\$100M)*
 - Embarcadero Center (\$2B Office, Portman Companies)*
 - Marina Square (\$1.2B Hotel/Retail, Portman Companies, 27-acres in Singapore)*
 - Peachtree Center (\$800M, Office/Retail)*

** Indicates non-SFWP project with significant Snellgrove or Osmudson involvement.*

- Analysis:*
- Some experience in similar projects (Embarcadero, Marina Square)
 - Snellgrove was Dir. Of Dev for Portman at the time of the projects
 - Work on Peachtree limited to renovation/leasing retail and office space;
 - San Francisco projects somewhat less complex than Pier 70, though they are waterfront (The Piers, Pier 24 Annex; Watermark)

Experience Criteria A Rank: Good

Experience Criteria B:

Experience with historic rehabilitation meeting the Secretary of Interior's Standards for the Treatment of Historic Properties.

- Response:*
- Piers 1 ½, 3, 5 (Registered on National Register of Historic Places)
 - Pier 24 Annex (to Rehabbed Standards, 23,311 sq. ft.)
 - The Bay School

Analysis: Strong experience in similar projects

Experience Criteria B Rank: Excellent

Experience Criteria C:

New Structures in Historic District.

Response: Piers 1 ½ through 5 include a substantial amount of new building space

Analysis: Strong experience in The Piers project

Experience Criteria C Rank: Excellent/Good

Experience Criteria D:

Proven ability to Work with Public Agencies, Particularly in a Waterfront Context, to Achieve Development Desired by Public Sector.

- Response:*
- Embarcadero Center
 - Piers 1 ½ through 5 (16 public agencies, waterfront)
 - Watermark (State lands, waterfront)

Analysis: Strong experience in San Francisco, with Port, State lands and others

Experience Criteria D Rank: Excellent

Experience Criteria E:

Proven track record of completing projects of comparable type, scope and quality envisioned.

- Response:*
- Embarcadero Center: 3.2M office; 32,000 retail, 2 hotels
 - Marina Square: 27-ac, waterfront, 3 hotels, 700,000 retail
 - Peachtree Center: 2.4M office, 200,000 retail

- Analysis:*
- Strong experience with comparable type and scope addressed well
 - Unclear how fully to attribute success of projects like Embarcadero, Marina Sq., and Peachtree to SFWP

Experience Criteria E Rank: Good/Adequate

Experience Criteria F:

Proven ability to implement projects quickly, effectively, and on budget.

Response: Insufficient information provided in response.

Experience Criteria F Rank: Insufficient Info.

Experience Criteria G:

Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of the project.

Response: Rehabilitation of Piers 1 ½ through 5, Pier 24 and the Bay School is a form of sustainable development.

Analysis: Some experience but no new LEED-style development like what would take place at the Waterfront Site.

Experience Criteria G Rank: Good/Adequate

Experience Criteria H:

Track record of local hiring and participation of locally owned businesses in prior projects.

Response: The Piers, 39% LBE design, 25% LBE construction

Analysis: Excellent example of inclusion of local firms in design and construction

Experience Criteria H Rank: Excellent

Experience Criteria I:

Demonstrated ability to partner with local organizations and/or address community concerns.

Response:

- The Piers: inclusion of boating features, Portwalk feature important to BCDC/State Lands and community described in proposals
- Most likely did significant community work on other projects but is not described in the Developer Qualifications section

Analysis: Good example community work, but not fully described

Experience Criteria I Rank: Good

DETAILED EVALUATION: FOREST CITY

Approach Criteria A:

Meet Port's Objectives for Waterfront Site. Port Objectives are listed below, see i-viii.

i. Serve as a catalyst project for Pier 70

Response: Envision an innovation cluster that combines high quality office space with "diverse and inspiring public amenities for the broader San Francisco community". Would attract both mature biotech, high-tech and marine sciences companies, and accommodate innovative start-up companies, machine shops, prototyping/testing, artist studios, and tech incubators for adaptive reuse of historic structures. Key "magnet uses" would include "prototyping, making and art"; "collaboration, exchange and demonstration"; and health/fitness, entertainment, experimental retail". States intention to work with Port to secure public funding and foundation grants for infrastructure and historic rehabilitation for the whole site.

Analysis: The elements included in the response represent insight into a number of dynamic trends that are currently driving the San Francisco economy and defining its evolving culture.

ii. Create a first class job center that complements existing ship repair

Response: Concept would create diverse jobs ranging from high level knowledge economy positions to trades that compliment existing Port functions, including machining and prototyping. The cross-sector innovation campus would accommodate diverse companies and organizations to enhance its stability as an economic hub.

Analysis: Approach indicates a very well thought out vision for the site, building upon emerging trends in San Francisco's innovation economy.

iii. Generate Land Value, tax revenues, and investment

Response: Forest City has the ability to self-finance because of their strong balance sheet (~\$400 million cash and credit). They have successfully developed the elements of development program, from tech/offices to incubator/shop space in San Francisco, and can generate substantial value. Forest City has strong tenant relations to attract significant users from diverse sectors. Indicate that they are flexible as to whether to pursue large anchor tenants early on or take a more incremental approach to development and tenantry to best meet the Port's financial objectives.

Analysis: The program would likely support strong land values and tax revenues Diversity of uses would promote cyclical stability.

iv. Design and development of new buildings that enhance and respect historic resources

Response: State desire to capitalize on cultural and aesthetic values of historic structures as a central principle for place making. Intend to create a new model for revitalizing waterfronts as centers for economic growth and innovation through complimenting historic and existing uses with stimulating new uses.

Analysis: Approach indicates understanding of design within a historic setting.

v. Open eastern shore to the public with major new waterfront park

Response: Envision the Slipway Park as a highly programmed open space that draws diverse users throughout the day and throughout the week. Would promote interaction and exchange between tenants of the site and members of the broader community.

Analysis: Approach includes highly programmed open space, consistent with the density envisioned for the site.

vi. Create business and employment opportunities for local workers and businesses

Response: Emphasis on techshop, prototyping, and art would serve San Francisco artists, creatives, and startups. Intention is to create a continuum of diverse business activities requiring a broad range of skills, and to provide an entre into new economy jobs for those without advanced education through this continuum of employment opportunities.

Analysis: Respondent emphasizes the creation of a continuum of business activities, emphasizing techshop, prototyping, and art to provide job opportunities for local workers.

vii. Strive for "carbon-neutral" development program

Response: Will collaborate with their consultants to provide multiple non-auto transportation access and circulation, including walking, bicycling, ride sharing, shuttles, interceptor garages, etc. Buildings will be designed with latest energy conservation, green materials, and sustainable building systems.

Analysis: Approach provided is plausible and well thought out.

viii. Integrate Pier 70 into eastern neighborhoods

Response: Access and circulation will be designed to connect to surrounding neighborhoods and the blue greenway. Tech uses will avoid suburban or corporate campus isolation, and site amenities will draw neighborhood residents as well as site tenants.

Analysis: Connecting neighborhoods, blue greenway, avoiding isolation, and adding amenities to draw neighborhood in all consistent with integrating Pier 70.

Approach Criteria A Rank: Excellent/Good

Approach Criteria B:

Fit of proposed vision, approach, schedule, and conceptual financial structure for the waterfront site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.

Response: Forest City has financial capacity and strong tenant relations to approach site development through early large anchor tenant or more incremental approach and states it will work with Port to best meet their financial goals. Strong development track record, expertise in similar development, and robust place making strategy will likely produce strong land values and associated tax and lease revenues.

Analysis: Conceptual financial structure is modeled on a joint venture concept where the Port contributes the land and access to public financing, and Forest City provides development expertise, risk capital and financing capability. They envision a base rent payment to the Port with participation above a priority return to Forest City. They expect Proposition D bonds to be a key part of the public financing capital stock. They would expect to do some of the vertical development with some third party developers to provide diversity.

Approach Criteria B Rank: Excellent

Approach Criteria C:

Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.

Response and Analysis: Present strong, well-reasoned rationale for diverse, cross-sector development and tenanting strategy, and related place-making concepts. All elements build on demonstrated success and emerging economic trends in San Francisco, and represent financially viable development concepts. Ability to self-finance will enhance flexibility in timing and phasing of development.

Approach Criteria C Rank: Good

Approach Criteria D:

Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.

Response and Analysis: Users in the startup, prototyping and arts are present in San Francisco market and would likely find Pier 70 an appealing location with the concept proposed. Forest City has strong relations with major tenants in biotechnology, high-tech and office activities across the country, and would be very strong in attracting marquee users to the site.

Approach Criteria D Rank: Good

Experience Criteria A:

Successful track record of developing complex, large-scale developments including former industrial and waterfront sites.

- Response:**
- D.C. Yards (\$1.2B, Office/Retail/Res., under construction)
 - Stapleton (\$4B, Res./Office/Retail)
 - MetroTech Center (\$2B, Office)
 - University Park MIT (\$424M, Biotech/Res./Office/Retail)
 - Presidio Landmark (\$110M Res.)
 - Westfield SF Centre (\$433M, Retail/Office)
 - 5th and Mission Project (Office/Light Industrial)
- Analysis:**
- Strong experience in complex, similar projects (The Yards, University Park MIT, Stapleton, MetroTech)
 - Strong experience in large, multi-phase projects with complex entitlements and public partners
 - Local waterfront experience is limited to Bayside Village and other Bay Area projects but extensive experience in similar urban environments like Washington DC or Richmond, Virginia

Experience Criteria A Rank: Excellent

Experience Criteria B:

Experience with historic rehabilitation meeting the Sec. of Interior's Standards for the Treatment of Historic Properties.

- Response:**
- University Park, Kennedy Biscuit building (Registered)
 - The Yards (historical buildings, not clear to what measure they will be rehabbed)
 - Presidio Landmark (to Secretary Standards, part of District)

Analysis:

- Strong experience in similar projects

Experience Criteria B Rank: Excellent

Experience Criteria C:

New Structures in Historic District.

Response:

- University Park, 1.7M new sq. ft. built among total 2.3M sq. ft. total project
- Presidio Landmark 205,000 sq. ft. adaptive reuse and 16,000 new sq. ft.

Analysis:

- Strong experience (University Park and Presidio Landmark)
- Not clear if University Park is historic district

Experience Criteria C Rank: Excellent/Good

Experience Criteria D:

Proven ability to Work with Public Agencies, Particularly in a Waterfront Context, to Achieve Development Desired by Public Sector.

Response:

- University Park, 75-yr ground lease from MIT, Cambridge created special zoning district to achieve the infrastructure improvements in the master plan.
- The Yards, GSA partnership, and financing partnership with DC, with a total of 35 federal and local agencies.
- MetroTech, partnered with Brooklyn's Polytechnic University
- Westfield

Analysis:

- Strong experience in San Francisco gaining approvals for Presidio and Westfield SF Centre
- Outside of SF, strong exp. with federal government and higher education partners
- The Yards is a waterfront site
- Required renegotiation of deal five times through three Redevelopment directors and five MOED directors

Experience Criteria D Rank: Excellent/Good

Experience Criteria E:

Proven track record of completing projects of comparable type, scope and quality envisioned.

- Response:*
- University Park, 27-ac, 2.3M sq. ft. 1.7M biotech, 250,000 retail, 602 res units, 210-room hotel
 - Metrotech Center, 16-ac 7.6M sq. ft. office; Tenants like SIAC (processing center for every trade on the NY Stock Exchange) required high quality of buildings, with multiple redundancies to ensure 24/7 operations; Also constructed E-911 Emergency Services building that could be entirely self sufficient for over a week
 - Stapleton, 4,700-ac 10M office, 3M retail, 12,000 res units (selected in 1998, began construction in 2001)
 - Stapleton, received Best Public/Private Partnership by US Conference of Mayors

Analysis: Excellent experience with comparable type, scope, and quality

Experience Criteria E Rank: Excellent

Experience Criteria F:

Proven ability to implement projects quickly, effectively, and on budget.

- Response:*
- Metrotech, 1988-2003 construction period, all buildings completed on schedule and budget
 - 5M achieved full tenanting ahead of schedule and received ~50% premium to market without brokers

Analysis: Two examples provided demonstrate some implementation track record.

Experience Criteria F Rank: Insufficient Info.

Experience Criteria G:

Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of the project.

- Response:*
- University Park, street grid retained, traffic mitigation plan
 - The Yards, LEED Gold Certified ND Plan; features Low Impact Development stormwater management

- Presidio Landmark, LEED Gold for Landmark and LEED Platinum for new home construction
- Stapleton, LEED-CS Silver Main St Town Center, Stockholm Partnership for Sustainable cities award
- 5M will provide an alternative to corporate campus style development in the heart of San Francisco

Analysis:

- University Park is an infill site and traffic mitigation and pedestrian enhancements are noted
- The Yards has many sustainability elements; construction is in the early phases
- Stapleton's awards and LEED designation indicate a successfully completed plan
- Presidio example demonstrates integration of sustainability into historic buildings

Experience Criteria G Rank: Excellent

Experience Criteria H:

Track record of local hiring and participation of locally owned businesses in prior projects.

Response:

- Uptown, 30% LBE and 15% SLBE, all new hires were 50% local and the job fulfilled the 15% local apprenticeship requirement
- Westfield SF Centre, partnered with Mission Hiring Hall, City College and Jewish Vocational Services to design and conduct construction training programs for local residents and const. management internships

Analysis:

Examples of creative ways to support profession development of local residents; good example of inclusion of local firms in design and construction at Uptown

Experience Criteria H Rank: Good

Experience Criteria I:

Demonstrated ability to partner with local organizations and/or address community concerns.

Response:

- Westfield SF Centre, included MOU with community groups valued at \$2M including a \$250,000 revolving loan program for non-profit groups
- Presidio, in-depth community interactions

- 5M, though in its early stages, have held community focus groups, provided cameras to community members to understand their favorite spots in the City, mapped out their opinions of surrounding neighborhoods and created a network map showing pedestrian travel
- University Park taken through master plan process, responded to affordable housing, public space, traffic, and architectural concerns
- The Yards community briefings included non-profit community, Development Committee of the local advisory neighborhood council, National Capital Planning Commission, Fine Arts Comms.
- Stapleton community provided input on parks, variety of residential product and affordability, local/minority contracting, sustainability, architecture

Analysis: Excellent description of community work on a variety of projects

Experience Criteria I Rank: Excellent



DETAILED EVALUATION: MISSION BAY DEVELOPMENT GROUP

Approach Criteria A:

Meet Port's Objectives for Waterfront Site. Port Objectives are listed below, see i-viii.

i. Serve as a catalyst project for Pier 70

Response: Vision is essentially a technology campus accommodating a broad range of tenants including biotech, healthcare, software, digital design, institutional/campus users, etc., combined with a modest amount (100,000 to 250,000 square feet of PDR uses on the ground floor and in adapted historic structures).

Analysis: Catalyst role will be primarily to develop a detailed project description and finance plan to support vertical development primarily by third party developers and end users.

ii. Create a first class job center that complements existing ship repair

Response: MBDG states that mix of office/R&D/lab space and PDR will attract, respectively, San Francisco's fastest growing companies in biotech, healthcare, and education; and jobs for individuals with all different levels of training and education. Indicate both would be compatible with existing ship repair activity. Would also meet City's LBE goals, work with local community groups like City Build and Mission Hiring Hall to offer jobs to disadvantaged workers, and offer internships for college students who are the first in their families to go to college.

Analysis: Approach indicates respondent would market towards biotech, healthcare, and education. Biotech and healthcare are growing sectors in San Francisco and the educational component suggests a use that may complement workforce development in their two sectors.

iii. Generate Land Value, tax revenues, and investment

Response: Indicate that their approach concentrates on high-rent generating uses, and that their role as master developer should accelerate and maximize private investment from a diverse set of developers each of whom brings his own resources to the project, creating a stable base for public financing.

Analysis: PDR uses in San Francisco are not particularly high rent generators. Unclear how ground floor PDR would integrate with biotech/R&D/office uses.

iv. Design and development of new buildings that enhance and respect historic resources

Response: Contemplate new development at a scale and height that is deferential to historic structures. Land plan will respect historic uses through a building layout that celebrates slipways and mimics original layout of buildings. Buildings will feature a contemporary vocabulary.

Analysis: Approach indicates understanding of design within a historic setting. However, replicating the original layout of buildings may be difficult on the Waterfront property. The original layout of the buildings reflected the form and function needed during shipbuilding and repair activities while modern buildings will require a completely different set of functions and relationships to one another.

v. Open eastern shore to the public with major new waterfront park

Response: Three alternative site plans are offered, each with a different version of Slipway Park: Serendipity/The Water Park Concept, Transitions/The Big Park Concept, and Deep Slipway/The Program Park Concept. The park concepts are interchangeable among site plan concepts. Are all well thought out and would open up and celebrate the eastern shore.

Analysis: Approach provided includes three alternatives for Slipway Park, all very detailed and well thought out.

vi. Create business and employment opportunities for local workers and businesses

Response: Overall program of tech/office and PDR uses would support variety of jobs. Would work with apprenticeship and job placement programs to enhance employment opportunities for local workers.

Analysis: Respondent intends work with apprenticeship and job placement programs.

vii. Strive for "carbon-neutral" development program

Response: State that project sets aggressive goals for energy efficiency, incorporates natural systems in parks and infrastructure, and prioritizes alternate modes of transportation.

Analysis: Approach provided is plausible and well thought out.

viii. Integrate Pier 70 into eastern neighborhoods

Response: Project would enhance connection to surrounding neighborhood through improvements to 20th and 22nd Streets, introduce PDR at the ground level to activate street and relate to character of surrounding area, and create social and recreational draws along the bayshore.

Analysis: Improving 20th and 22nd streets and activating the bayshore consistent with integrating Pier 70. It is not clear how PDR uses would activate the street.



Approach Criteria A Rank: Good/Adequate

Approach Criteria B:

Fit of proposed vision, approach, schedule, and conceptual financial structure for the waterfront site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.

Response: Project concept is modeled on Mission Bay and would have a campus feel, mixed with PDR on ground floor of new buildings and in adaptive reuse of historic structures. MGDG would market to third-party developers and end users, so character and tenant mix would depend in some measure on the motivations of those developers and market opportunities at the time.

Analysis: The concept presented does not have as strong of an identity and market positioning as some others. The financial feasibility and revenue generation potential of PDR uses may be problematic in some cases.

In the conceptual financial structure, pre-development and infrastructure and park development would be funded by the development team. Reimbursements for infrastructure funding would be made from public financing sources as they become available. Ground lease would need to be 66 years and provide for subleasing to third party developers and end users. Payments to the Port would be some combination of base rent and participation.

Approach Criteria B Rank: Good/Adequate

Approach Criteria C:

Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.

Response and Analysis: It appears that development would be driven opportunistically through subleases to third-party developers and end users. PDR uses would not be able to drive development, so phasing would depend on third-party speculative building or build to suits. Feasibility of PDR uses, especially in adaptive reuse buildings, is uncertain.

Approach Criteria C Rank: Good/Adequate



Approach Criteria D:

Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants

Response and Analysis: Experience relates primarily to Mission Bay and some other Catellus projects where they played the role of master developer, building infrastructure and selling sites to third party vertical developers. Accordingly, they have little connection on the tenant side of development. No specific tenants have been identified.

Approach Criteria D Rank: Good

Experience Criteria A:

Successful track record of developing complex, large-scale developments including former industrial and waterfront sites.

Response:

- Mission Bay (\$9B, Res./Office/Biotech)
- Alameda Baypoint (\$375M, Res.)
- Santa Fe Place (\$500M, Res./Retail/Office/Hotel/Art Museum/Rail Station)
- Faubourg Boisbriand (\$1B, Res./Retail/Office in Quebec)*

** Indicates Cherokee project*

Analysis:

- Some experience in similar projects (Mission Bay)
- Cherokee's role in Faubourg as investor/capital partner is a relevant qualification though would like to see more from MBDG
- Role is not clear on Santa Fe, Did MBDG restore the station? Get the land entitled for 3M sq.ft? Begin development on the entitlements?
- Team members like Nibbi, Hargreaves, and Perkins+ will bring a wider breadth of experience, but they are not included in the evaluation.

Experience Criteria A Rank: Good/Adequate

Experience Criteria B:

Experience with historic rehabilitation meeting the Sec. of Interior's Standards for the Treatment of Historic Properties.

Response: Santa Fe Depot

Analysis: Little experience in similar projects

Experience Criteria B Rank: Inadequate

Experience Criteria C:

New Structures in Historic District

Response: No experience fitting this criterion found in response.

Analysis: Insufficient information

Experience Criteria C Rank: Inadequate.

Experience Criteria D:

Proven ability to Work with Public Agencies, Particularly in a Waterfront Context, to Achieve Development Desired by Public Sector.

Response: Mission Bay, SFRA and UCSF collaboration, along waterfront

Analysis: Strong experience in San Francisco, with SFRA and UCSF

Experience Criteria D Rank: Good/Adequate

Experience Criteria E:

Proven track record of completing projects of comparable type, scope and quality envisioned.

Response:

- Mission Bay, 303-ac, 6,000 res units, 4.4M sq. ft. office/biotech, 2.65M UCSF
- Fauborg Boisbriand, 232-ac, retail, 1,400 res units*

* Indicates Cherokee project

Analysis:

- Strong experience with comparable type and scope addressed well
- Unclear how fully to attribute success of projects like Mission Bay to MBDG

Experience Criteria E Rank: Good/Adequate

Experience Criteria F:

Proven ability to implement projects quickly, effectively, and on budget.

Response: Insufficient information provided in response.

Experience Criteria F Rank: Insufficient Info.

Experience Criteria G:

Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of the project.

Response:

- Mission Bay, jobs/housing near transit
- Fauborg Boisbriand, pilot LEED-ND*

* Indicates Cherokee project

Analysis:

- Cherokee project includes LEED standards
- Mission Bay response does not specify sustainability elements

Experience Criteria G Rank: Good/Adequate

Experience Criteria H:

Track record of local hiring and participation of locally owned businesses in prior projects.

Response:

- Mission Bay, LBE participation to 38%; MBE/WBE at 39%
- MBDG is a San Francisco LBE

Analysis: Excellent example of inclusion of local firms in design and construction

Experience Criteria H Rank: Excellent

Experience Criteria I:

Demonstrated ability to partner with local organizations and/or address community concerns.

Response: Mission Bay worked with CAC (which has met 250+ times since mid-1990s)

Analysis: Good example of community work described in one project

Experience Criteria I Rank: Good

DETAILED EVALUATION: TMG/SOBRATO

Approach Criteria A:

Meet Port's Objectives for Waterfront Site. Port Objectives are listed below, see i-viii.

i. Serve as a catalyst project for Pier 70

Response: "TMG/Sobrato believes that many aspects of the Pier 70 Master Plan can be achieved with sufficient private capital. We look forward to working with the Port on how to achieve the Port's goals, and to developing a successful privately financed component with public assistance that will recreate this unique place and generate a revenue stream that supports this collective effort."

No other detail provided.

Analysis: Response is not detailed enough. Insufficient information to evaluate approach.

ii. Create a first class job center that complements existing ship repair

Response: "Existing employees at Pier 70 will be retained and work along side new companies."

No other detail provided.

Analysis: Insufficient information to evaluate approach.

iii. Generate Land Value, tax revenues, and investment

Response: Indicate that they will seek a large anchor for build-to-suit and seek out technology, biotechnology, design, and industrial firms.

Analysis: Insufficient information to evaluate approach.

iv. Design and development of new buildings that enhance and respect historic resources

Response: No response fitting this element was located in the response; TMG/Sobrato note that they intend to select a design team with the Port jointly.

Analysis: Insufficient information to evaluate approach.

v. Open eastern shore to the public with major new waterfront park

Response: No response fitting this element was located in the response.

Analysis: Insufficient information to evaluate approach.

vi. Create business and employment opportunities for local workers and businesses

Response: No response fitting this element was located in the response.

Analysis: Insufficient information to evaluate approach.

vii. Strive for “carbon-neutral” development program

Response: No response fitting this element was located in the response.

Analysis: Insufficient information to evaluate approach.

viii. Integrate Pier 70 into eastern neighborhoods

Response: No response fitting this element was located in the response.

Analysis: Insufficient information to evaluate approach.

Approach Criteria A Rank: Inadequate

Approach Criteria B:

Fit of proposed vision, approach, schedule, and conceptual financial structure for the waterfront site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.

Response: Respondent notes: “Our proposed vision and approach are to develop ways to finance, schedule, and execute the vision in the Pier 70 Master Plan”

Prepared to fund upfront costs for environmental review, infrastructure design, and the preparation of a phased infra and development plan. Port will resolve outstanding entitlement issues with State Lands, BCDC and any other “show stopper” issues.

Further notes that TMG/Sobrato will:

- Pursue a project description for EIR purposes which is as broad as possible, consistent with the Master Plan
- Phase infrastructure in an efficient manner, spreading costs,

Analysis: Response is adequate though lacks detail.

Approach Criteria B Rank: Adequate

Approach Criteria C:

Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.

Response: Respondent notes: "New large users will be sought to anchor the build-to-suit buildings... Technology, biotechnology, design, industrial firms will all be approached to consider Pier 70 as their next home."

No other detail provided in the response.

Analysis: Approach relies on identifying large users and does not discuss other methods of developing Pier 70 which make be undertaken in cases where large users are not secured for the site.

Approach Criteria C Rank: Inadequate

Approach Criteria D:

Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.

Response: Both firms have tenant relations in the technology sector, including social networking, software, biotech and electronics as well as general office users.

Analysis: Response affirms that TMG and Sobrato both have demonstrated relationships with biotechnology, office, and industrial tenants.

Approach Criteria D Rank: Good

Experience Criteria A:

Successful track record of developing complex, large-scale developments including former industrial and waterfront sites.

Response:

- Hamilton Field (Office, Retail, Res)
- Emerybay (Res, office, retail/food, and theater)
- One Market

Analysis:

- Experience in similar projects in suburban context
- No experience working with waterfront regulatory agencies provided

Experience Criteria A Rank: Good

Experience Criteria B:

Experience with historic rehabilitation meeting the Sec. of Interior's Standards for the Treatment of Historic Properties.

- Response:*
- One Market
 - Hamilton Field, negotiated a historic pres. MOU with Army, Navy, and State; 400K office space in rehabbed airplane hangers
 - 1000 Van Ness mentioned in proposal, but no details provided

Analysis: Strong experience in similar projects

Experience Criteria B Rank: Good

Experience Criteria C:

New Structures in Historic District.

Response: New buildings at Hamilton

Analysis: Experience in Hamilton project though new buildings were located near a historic district, not actually within it.

Experience Criteria C Rank: Good

Experience Criteria D:

Proven ability to Work with Public Agencies, Particularly in a Waterfront Context, to Achieve Development Desired by Public Sector.

- Response:*
- Hamilton Field public agency interaction included Army and Navy
 - Emerybay involved Redevelopment agency (including a bond authorization for \$50M in infra bonds), Caltrans, RWQCB, CalEPA, and DTSC approvals
 - The Crossing secured largest allocation of tax-exempt housing bonds to date in CA

- Analysis:*
- Strong experience in projects described
 - Experience in San Francisco is not detailed (One Market, 1000 Van Ness, 650 Townsend)
 - No waterfront regulatory experience mentioned/discussed

Experience Criteria D Rank: Good

Experience Criteria E:

Proven track record of completing projects of comparable type, scope and quality envisioned.

- Response:*
- Hamilton Field. 300 acres, former military base, sig environmental clean-up, restored Bachelor Officers' Quarters
 - Emerybay, Land development/entitlements for 80-ac site and vertical developer for Bay Center offices (327,000 office), Emerybay club and apts. (660 units), Emerybay market place (office, retail/food, and theater) Office, res) and Emerybay marketplace expansion
 - One Market (no further information provided)
- Analysis:*
- Strong experience in Hamilton Field
 - Unclear role in One Market
 - Emerybay project complex; not clear of similar quality to Pier 70 vision

Experience Criteria E Rank: Good

Experience Criteria F:

Proven ability to implement projects quickly, effectively, and on budget.

Response: Insufficient information provided in response.

Experience Criteria F Rank: Insufficient Info.

Experience Criteria G:

Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of the project.

- Response:*
- Emerybay has TDM program in place with on-site car sharing, biking and transit incentives
 - Emerybay Marketplace expansion (120K office, 180K retail, 490K res) achieved LEED-ND platinum certification

Analysis: Good LEED experience in one project and sustainability elements in one other.

Experience Criteria G Rank: Good

Experience Criteria H:

Track record of local hiring and participation of locally owned businesses in prior projects.

Response: Marin City, First source hiring and job training mentioned but no quantified information provided.

Analysis: One example of LBE inclusion

Experience Criteria H Rank: Good/Adequate

Experience Criteria I:

Demonstrated ability to partner with local organizations and/or address community concerns.

Response:

- Hamilton Field overcame neighboring community's opposition to previous dev plans
- Marin City, ground lease with Marin City Community Dev Corp after decades of failed attempts at development

Analysis: Strong community work in Hamilton Field and Marin City

Experience Criteria I Rank: Excellent/Good

Exhibit A Pier 70 Waterfront Site Request for Qualifications Evaluation Criteria

The RFQ established the following evaluation criteria and weighting:

1. APPROACH (35 POINTS)

- a. Ability to meet the Port's Objectives for the Waterfront Site with the team and project vision submitted.
- b. Fit of proposed vision, approach, schedule, and conceptual financial structure for the Waterfront Site project to the goals of the Master Plan, in particular, the likelihood of generating tax and lease revenues needed to fund Pier 70 public benefits.
- c. Feasibility of respondent's approach to succeed in the near term in a San Francisco, waterfront, and Pier 70 context.
- d. Identified users for the site and/or prior relationships with biotechnology, office, and/or industrial tenants.

2. EXPERIENCE (30 POINTS)

- a. Successful track record of developing complex, large-scale developments, including former industrial and waterfront sites.
- b. Experience with historic rehabilitation meeting the Secretary of Interior's Standards for the Treatment of Historic Properties.
- c. Experience with building new structures in the context of a historic district.
- d. Proven ability to work with public agencies, particularly in a waterfront context, to achieve development desired by the public sector.
- e. Proven track record of completing projects of comparable type, scope, and quality envisioned.
- f. Proven ability to implement projects quickly, effectively, and on budget.
- g. Experience with sustainable development within an urban context, including demonstrated use of innovative design and development measures to meet LEED standards or otherwise minimize environmental impacts of projects.
- h. Track record of local hiring and participation of locally owned businesses in prior projects.
- i. Demonstrated ability to partner with local organizations and/or address community concerns.

3. CAPACITY (35 POINTS)

- a. Financial capacity to develop the Waterfront Site. Proven ability of developer to possess or attract equity and debt capital for a project of this type as evidenced by:
 - i. financings of comparable projects,
 - ii. financial status, and
 - iii. on-going relationships with financial sources.
- b. Sufficient staff and consultant resources to meet the project objectives.

Exhibit B: Objectives for the Waterfront Site Project

The Port has identified the following objectives for the development of the Waterfront Site that will drive the evaluation of responses to this RFQ and negotiation of the development transactions needed for this project:

1. Serve as the catalyst project for Pier 70 to achieve the site-wide goals established in the Master Plan, in particular, securing the necessary entitlements and approvals for public financing to fund site-wide public benefits.
2. Create a first class jobs center at Pier 70 that complements existing ship repair operations and reestablishes Pier 70 as a major economic hub for San Francisco. At build-out, the Port expects the Waterfront Site to represent a significant employment center with jobs well-matched to San Francisco's workforce.
3. Generate land value, tax revenues, and investment needed to support the infrastructure, parks, and historic rehabilitation investments to realize the Pier 70 Master Plan.
4. Design and development of new buildings that enhance and respect the site's historic resources and overall the historic district.
5. Open the eastern shore of the site to the public with a major new waterfront park.
6. Create business and employment opportunities for local workers and businesses during the design, construction and operation phases of the project.
7. Strive for a "carbon-neutral" development program minimizing the reliance on the private automobile and enhancing the pedestrian experience of this historic site and the bayshore.
8. Integrate Pier 70 into the eastern neighborhoods of San Francisco through new street networks and destinations that bring people to the Bay's edge.

Exhibit F

Developer Presentations to the Central Waterfront Advisory Group (CWAG)

The CWAG, coordinating with the Potrero Boosters and Dogpatch Neighborhood Association, hosted a community meeting at the Potrero Hill Neighborhood House on Monday, March 7, 2011. The meeting was well attended over fifty people and included neighbors from Potrero Hill, Dogpatch, Showplace Square, Mission Bay and China Basin, as well as District 10 Supervisor Malia Cohen.

Each of the four applicants was given 15 minutes to introduce themselves and outline their qualifications, and respond to their choice of one of the eight Port objectives for the Waterfront site as specified in the RFQ. After each presentation, members of the CWAG asked questions and then members of the public asked questions of each team. Including questions and responses, each team spent about 40 minutes, for a total of 2 ½ hours of conversation with the potential developers.

After these presentations, and without prospective developer input, the CWAG members and members of the public discussed the four developers, identifying strengths and issues of concern. CWAG co-chairs Toby Levine and Corinne Woods reviewed and edited the lists to clarify the responses, below.

FOREST CITY DEVELOPMENT

Objective addressed – Create a first class jobs center at Pier 70.

Positives

- Most experience, appear well financed, possibly least dependent on financial partners.
- Intriguing vision of uses, research on potential users, based on experience from prior projects
- Publicly traded company in business for 90 years. Record of completing complicated long term projects.
- Focus on jobs well integrated into presentation of qualifications, vision.
- Vision and team effective as a whole in terms of preliminary ideas.
- Experience with historic preservation (Presidio Landmark, Westfield SF Center)
- 5M project (Chronicle Building at 5th and Mission) good example of outreach to users
- Vision for Pier 70 to evolve organically over time

Issues

- Less local knowledge of issues such as public trust, entitlement process
- Focus on Pier 70 and priorities could change based on shareholder concerns.
- Concerns about status of other projects (The Yards; Westfield/SF Center from historic preservation standpoint).
- Financial capacity and position in current economy.
- Appetite for and commitment to hurdles to entitlement?
- Local team long term commitment.

MISSION BAY DEVELOPMENT GROUP

Objective addressed – Integrate Pier 70 into the Eastern Neighborhoods.

Positives

- Strong team including Hargreaves waterfront projects (Crissy Field).
- East/west plan concept, transit connections
- Local team, focus on local hiring.
- Complete picture strong plan/planner
- Understand public trust, infrastructure issues (parallels to Mission Bay).
- Most local knowledge, relevant on the ground experience with local conditions.
- Shipyard interaction discussed well
- Building 12 as incubator
- Connections theme done well

Issues

- Not visionary in terms of potential users, activation of open space. Very practical about Master Developer role, infrastructure development.
- Small, hungry, not broad experience
- Can experience of lessons learned in Mission Bay (height, bulk, massing constraints) improve on design, uses at Pier 70?

SAN FRANCISCO WATERFRONT PARTNERS

Objective addressed – Integrate Pier 70 into the Eastern Neighborhoods.

Positives

- Visionary developer
- Substantial experience with Port, State Lands, BCDC.
- Look at water as important feature
- Marina/hotel and band shell concepts intriguing to activate waterfront.
- Historic preservation/historic district experience
- Vision of arts jobs interesting.
- Emphasis on permeability in open space
- Transit proposal – bring into site
- Craig Hartman (SOM) renowned architect
- Porous design concepts with building schemes
- Lots of public uses

Issues

- Are they big enough to complete the project?
- Financial viability of marina and hotel.
- Do they understand other public benefit costs in project? Can they incorporate low-revenue generating uses and still provide needed funds for site-wide goals and requirements?

TMG/SOBRATO

Objective addressed – Generate land value, tax revenues and investment

Positives

- Experience with Bay Area projects
- Appear to have adequate financing
- Appear to understand local conditions
- Good improvised answers
- Direct honest/not snow job
- Understanding of entitlements needed

Issues

- Experience is Silicon Valley campuses, suburban development
- Lack of architect/planner, don't know what we are getting
- Reputation for being cranky
- Don't have gritty urban environment experience
- No big idea/vision for Pier 70
- Don't seem to understand public trust or Burton Act restrictions
- Don't seem to understand the waterfront
- Relationship risk with two strong private developers with no prior joint projects
- If Sobrato is funding, who will be lead?
- Maximum flexibility could lead to expectations not being met
- Want whole site from beginning
- Unhappy about "back door" without 20th Street control

GLOBAL ISSUES IDENTIFIED

- Check references/clients experience
- Investigate financial capacity
- Evaluate proposed project designer (generic design concepts at this stage)
- What is motivation of developer beyond profit – commitment to unique site
- Water vital element – needs to be focus.
- Consider fine grained parcel size (avoid bulkiness of Mission Bay)
- Incentivize good design that doesn't necessarily maximize lot coverage
- Need flexible entitlements to accommodate long-term build out.





MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Request approval to enter into a First Amended Memorandum of Understanding ("Amended MOU") for Design Development with the San Francisco Department of Public Works (DPW) to extend the scope of work from Schematic Design through Design for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project"); and

Request approval to increase fees for the design contract with the joint venture of Kaplan, McLaughlin, Diaz and Pfau Long Architecture in the amount not to exceed \$1,950,161 to extend the Project scope of work from Schematic Design through Design Development, and seek an additional authorization for a ten percent contingency in the amount of \$195,016 in the event of necessary change orders; and for \$264,893 for retroactive design costs as described herein for a total contract authorization of \$2,410,070; and to extend the term of the Agreement to July 31, 2011 and;

Request approval for the Port staff to utilize the Integrated Project Delivery approach for the procurement of Project construction services; and authorize DPW to advertise for a Construction Manager/General Contractor for this purpose.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

THIS PRINT COVERS CALENDAR ITEM NO. 9B

INTRODUCTION

In June 2009, Port Commission Resolution No. 09-33 authorized Port staff to enter into a Memorandum of Understanding ("MOU") with the San Francisco Department of Public Works ("DPW") for the proposed Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project ("Project" or "Cruise Terminal Project") for project management and design and engineering services for the program phases from project development through completion of schematic design. As the Port's construction manager, DPW initiated environmental review of the Project under the California Environmental Quality Act ("CEQA") and managed the Port's solicitations for environmental consulting and design professional services.

In November 2009, Port Commission Resolution No. 09-70 authorized Port staff to execute a design contract with the recommended joint venture team of KMD Architects and Pfau Long Architecture in association with cruise terminal design consultant, Bermello Ajamil & Partners ("Design Team") for Architectural and Engineering Services for the Project. The Port, DPW, and the Design Team initiated a design process in January 2010. This began with a series of internal design sessions that led to completion of a Facility Program Statement, and later with cruise terminal concept alternatives.

In August 2010, Port Commission Resolution No. 10-61 authorized award of a contract to ESA for CEQA services including the completion of a final environmental impact report ("Final EIR") for the Project.

In December 2010, Port Commission Resolution No. 10-80 authorized Port staff and its Design Team to initiate and develop further the Schematic Design on Scheme B2, the option for a new, approximately 96,000 square foot terminal that would be consistent with the Cruise Terminal Advisory Panel recommendations.

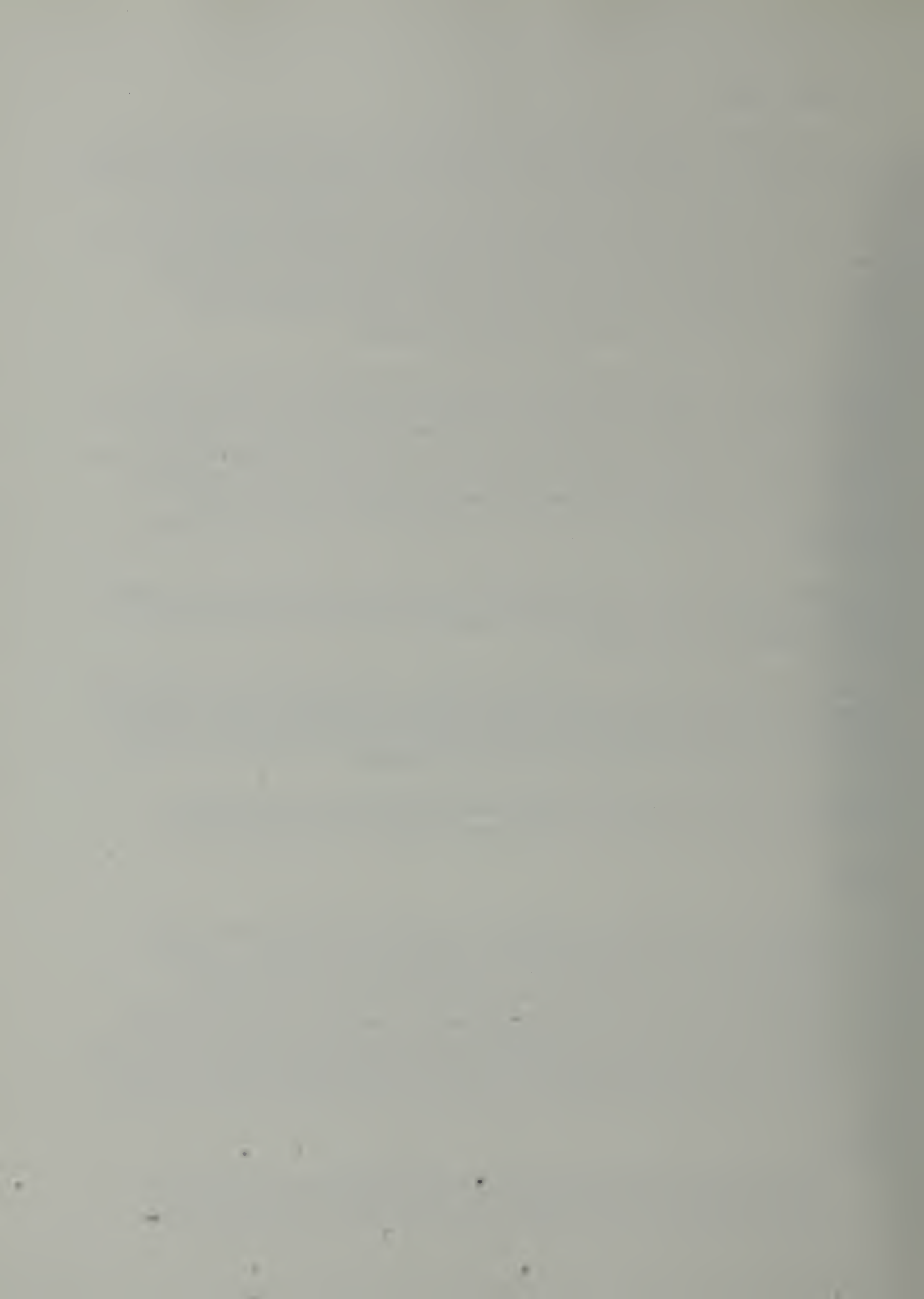
In March 2011, Port staff and the Design Team presented the proposed Project Schematic Design and described the proposed phasing of the Project as follows:

Phase 1

Subject to completion and certification of a Final EIR for the Cruise Terminal Project by the City and approval of the Project by the end of 2011, Phase 1 would consist of demolition of Pier 27, partial demolition of Pier 29, and preparation of the Pier 27 site to allow the America's Cup Event Authority, LLC ("Event Authority") under the Host and Venue Agreement ("HVA") for the 34th America's Cup ("Event") to install temporary improvements for the duration of the racing events, ending in early 2014. The Port would construct the core and shell of the cruise terminal building for temporary use by the Event Authority in 2013.

Phase 2

After the Event, the Port would build-out the remaining portions of the cruise terminal building (e.g., the Customs and Border Patrol and security rooms),



install maritime equipment such as the mobile gangway system, fenders and bollards, complete the battery charging station and operations area within Pier 29, and complete improvements to the Northeast Wharf Plaza and the ground transportation area.

SCHEDULE AND TASKS

Under the proposed Amended MOU between the Port and DPW, further work would be performed by DPW and the Design Team to accomplish items under Task A below.

Task A – Design Development (April 2011 – July 2011)

- Oversee Design Team's preparation of Design Development drawings for terminal building, including floor plans, vertical circulation for terminal use as well as special event use;
- Bid a Construction Manager/General Contractor ("CM/GC") contract through a competitive bid process and present recommendation of award to Port Commission;
- Perform project review to make sure the Project is tracking to City's Leadership in Energy and Environmental Design ("LEED") requirement;
- Work with the CM/GC to pre-qualify trade contractors and develop early trade bid Package A (steel fabrication, building enclosure, elevators and escalators);
- Develop further design development drawings for the ground transportation area and public areas, including Northeast Wharf Plaza;
- Develop revised project budget and schedule with CM/GC input; and
- Achieve agreement with the Civil Service Commission for additional services of the Design Team.

Thereafter, subject to future Port Commission authorization, Task B would need to be completed:

Task B – Construction Drawings (July 2011 – December 2011)

- Oversee the completion of construction drawings by phase;
- Bid early trade Package A (steel fabrication, building enclosure, elevators and escalators) and oversee the CM/GC award process;
- Develop and bid trade bid Package B (mechanical, electrical and plumbing and finishes); and
- Revise and finalize project budget with CM/GC input.

If the Project is approved by the City following completion of CEQA review and Port Commission authorization, the following two phases would be undertaken:

Task C – Phase 1 Construction Management (January 2012 – February 2013)

- Coordinate site activities with Event Authority;
- Award trade Package B; and

- Manage and complete Phase 1 terminal construction.

Task D – Phase 2 Construction Management (After the Event)

- Bid, award and complete remaining items for an operational Cruise Terminal, complete ground transportation area and the public areas including the Northeast Wharf Plaza.

AMENDED MOU WITH DEPARTMENT OF PUBLIC WORKS AND AGREEMENT WITH THE DESIGN TEAM

Currently Authorized MOU Costs

The current MOU between the Port and DPW and the Agreement with the Design Team extends through completion of submittal of Schematic Design. In November 2009, the Port Commission authorized the MOU costs summarized below:

Table 1 – Authorized MOU Costs

	DPW	Design Team	Total
Program, Concept & Schematic Design Phases	\$1,611,043	\$2,419,440	\$4,030,483
Contingency (10%)	\$ 161,104	\$ 241,944	\$ 403,048
Total	\$1,772,147	\$2,661,384	\$4,433,531

To date, work performed under the MOU is equal to \$727,251 from DPW and \$2,926,277 from the Design Team for a total of \$3,653,528. The Design Team performed additional work not anticipated at the time of award, including a new conceptual design and value engineering exercise of Design Scheme B2 and support of the Port's environmental review work for a total cost of \$264,893.

Port staff are pleased with the performance of the DPW and the Design Team. In order to keep the Project on schedule, Port staff proposes that the MOU be amended to enable DPW to continue its project management; and the Design Team to continue its architectural and engineering services during the Design Development phase of the Project.

Proposed MOU Costs

Port staff has negotiated costs for additional DPW and Design Team services during Design Development as summarized below. Port staff recommends an additional 10% contingency to each contract for unforeseen conditions or potential Port initiated scope changes that may not be anticipated at this time. These costs for the Design Team are within the budget previously agreed with the Civil Service Commission.

Table 2— Proposed Additional MOU Costs

	DPW*	Design Team	Total
Design Development Phase	\$ 962,000	\$1,950,161	\$2,912,161
Contingency (10%)	\$ 96,200	\$ 195,016	\$ 291,216
Subtotal	\$1,058,200	\$2,145,177	\$3,203,377
Retroactive Design Team Costs		\$264,893	
Total	\$1,058,200	\$2,410,070	\$3,203,377

*The \$1,058,200 will be funded from the \$1,772,147 previously authorized.

LBE Participation

The LBE participation goal of the Design Team for Design Development phase is 44%. LBE actual performance to date has been 46%. LBE performance for the additional work of the Design Development phase is expected to be 53%.

Funding Source

DPW's work will be funded with surplus funds already allocated to the existing MOU and remaining from the previous phases.

Funding for the Design Team's additional work, under the Amended MOU as proposed for the Design Development Phase will come from proceeds of Port revenue bonds that were issued in January 2010 for this Project.

CONSTRUCTION MANAGER / GENERAL CONTRACTOR ("CM/GC")

Based on its successful experience on other recent public works projects, DPW has recommended that the Project utilize the Integrated Project Delivery ("IPD") approach for the procurement of construction services whereby a contractor is retained as part of the Design Development process to review and provide comments as to the constructability of the Design Team's architectural and engineering drawings within the established budget.

A number of project delivery models are generally accepted as appropriate for public works projects, e.g., design-bid-build, design-build, CM-at-Risk, etc. Each delivery model offers advantages and disadvantages, depending on a number of variables such as schedule, contract amount and project complexity.

DPW states that CM/GC contracts have become a preferred delivery model for complex capital projects as they allow for effective collaboration among client, design professionals, and builders to attain efficiencies and economies that yield lower risk and higher potential for project success among all parties. The CM/GC project delivery model was used in the successful delivery of the new facility for the California Academy of Sciences, and DPW is employing it in a variety of major building projects citywide totaling over \$1 billion in construction.

Subject to Port Commission approval, DPW would lead a specific and prescriptive competitive selection process, outlined in the City's Administrative Code Section 6.68, to select the CM/GC as part of Task A of the Amended MOU. The selection is a two step process:

First, bidders are pre-qualified and evaluated in a pass/fail basis based on the following criteria:

- Company organization and possession of required licenses
- Essential requirements related to financial capability and past performance references
- Relevant project experience

Second, qualified bidders are invited to respond to a Request for Proposals ("RFP"). Responses to the RFP are evaluated based on the following criteria:

- Fees for pre-construction services
- Fees for construction phase services
- Qualitative criteria that includes:
 - (i) Plan for expediency in completing the proposed project
 - (ii) Quality of the proposal
 - (iii) Commitment to meet City hiring goals (e.g. City Build or First Source Hiring or Local Hire)
 - (iv) Commitment to comply with the goals set by the Human Rights Commission and requirements of Administrative Code
 - (v) Compliance with all the requirements and criteria established by the Department head or HRC in the request for proposals

The scoring criteria consider the qualitative responses as well as cost, where cost constitutes no less than 65% of the overall evaluation. If the Port Commission approves the attached resolution, the bid will be awarded to the lowest bidder, subject to negotiation of contract price and Port Commission approval of the contract.

Cost for the CM/GC services would be negotiated and presented to the Port Commission for its consideration and approval later this summer at the time that Port staff requests the Port Commission's authorization to award the CM/GC contract.

CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")

The Port and DPW have initiated environmental review of the Project by the City Planning Department under the California Environmental Quality Act ("CEQA"). Staff hopes to complete the CEQA analyses, including the completion of a Final EIR, and to seek certification of the Final EIR and approval of the Project by October 31, 2011. Port and DPW staff also intend to present a Fiscal Feasibility Analysis to the Port Commission and the Board of Supervisors for their respective consideration and adoption.

MOU and Design Contract

The proposed Amended MOU for DPW project management and Amended Design Contract for architectural and engineering services include only work to be done as part of the Design Development phase of the Project. When design development is completed under Task A, Port staff will return to the Port Commission for consideration of a further amendment of DPW services to complete construction documentation and later for possible construction management services.

The proposed Amended MOU and proposed Amended Design Contract would each specify that the Port has the right to terminate the agreement should the City fail to certify the Final EIR for the Project or the Port Commission reject the Project.

Consideration of the Amended MOU, the Amended Design Contract, and the authorizing of the bid of a CM/GC contract do not commit the City to certify the Final EIR or the Port Commission to approve the Project or grant any entitlements for the Project, nor does the proposed action foreclose the possibility of considering alternatives to the Project proposal, mitigation measures, or deciding not to grant entitlements or implement the Project, after conducting appropriate environmental review under CEQA.

CM/GC Contract

Should the Port Commission approve this resolution to allow for the use of a CM/GC contract to deliver this Project, the proposed, negotiated CM/GC contract would be brought back to the Port Commission for authorization. Because of the accelerated schedule, however, certain provisions that staff proposes to include in the CM/GC contract are highlighted here.

The proposed contract would authorize the CM/GC to proceed with specific portions of the work that do not require environmental review, such as pre-construction services, pre-qualification of trade contractors and ordering a few specific building materials that require long lead items.

The staff proposal to proceed with these limited pre-construction services before environmental review is complete presents a financial risk to the Port. Should the City fail to certify the Final EIR, or the Port Commission reject the Project, the Port would be at risk of having already expended a portion of the budget in services that would offer limited value. For example, if the contract is awarded in June 2011, as currently anticipated, the CM/GC is expected to perform 4 months of preconstruction services from (June through August 2011) at a cost of approximately \$300,000 to \$400,000.

If the CM/GC contract is terminated at the end of this phase, the Port would not be able to recover these costs. If the CM/GC contract were to continue after pre-construction services, the CM/GC would begin the procurement process for long lead construction materials such as structural steel, curtain wall (skin façade assembly), and elevators & escalators. These trades require 14-18 weeks of lead time before they begin fabrication. During this period of time, the trade contractors, the CM/GC and the design

team develop shop drawings to confirm design intent and quantities needed for materials. If the CM/GC contract is terminated at the end of this process and before fabrication begins (November – December 2011), the Port will have spent approximately 7-8% of the estimated construction value, in preparation of shop drawings and additional pre-construction services. The Port will not be able to recover such expenditures.

The Project schedule provides that construction activities will begin only after the environmental review is complete, the Final EIR has been certified and the Project has been approved. The CM/GC contract would contain specific provisions entitling the Port to terminate the contract if the City does not certify the Final EIR, or the Port Commission decides not to approve the Project.

PROJECT FUNDING

As the Port Commission is aware, in December 2010 staff presented a total project budget of \$114,095,757. However, this budget was not aligned with funding sources as reflected in the approximately \$14.2 million funding gap to Phase 1 and \$7.3 million funding gap to Phase 2 for a total project shortfall of \$21.5 million.

Since that time, Port staff has moved from conceptual to schematic design budget estimates, refined available sources, performed a value engineering exercise to identify cost reductions, and deferred project scope to Phase 2 to close the funding gap. Given the pressure on the project schedule driven by the project phasing outlined in the HVA requiring Phase 1 delivery by January 1, 2013, and the opportunity to deliver a legacy Cruise Terminal Project after the 34th America's Cup, the goal of this work has been to resolve the budget shortfall to Phase 1.

As described below, the funding plan for Phase 2 includes several proposed non-Port sources which require additional work to secure and the program uses and related revenue generation requires additional planning.

Project funding is expected to be provided through a combination of sources, including the Port revenue bond proceeds and capital budget allocations, plus a variety of other sources such as a FEMA security grant, proceeds from an anticipated 2012 General Obligation bond measure, contributions from the America's Cup Event Authority and a future passenger facility charge.

As shown in Table 1, secured funding sources total \$46.5 million, planned funding sources total \$16.5 million, and proposed funding sources total \$22.9 million. The phasing of these funding sources is shown in Table 4.

Table 5 shows the sources and uses budget based on schematic design as the "base case" compared to the results of the value engineering alternative as the "revised case".

The revised case eliminates the funding gap to Phase 1, but leaves a budget gap of \$11.9 million to Phase 2. Port staff will be securing the proposed sources for Phase 2 between now and 2013, and in addition will better refine program uses and related

revenue generation. Phase 2 may require an incremental approach to project delivery and may also require value engineering. However, Port staff has not fully considered the economic opportunities of this building that will have the prestige of having been the America's Cup village and start and finish lines of the 34th America's Cup Final Match, should the AC34 project be approved. Staff is optimistic that securing the proposed sources and resolving the \$11.9 million funding gap to Phase 2 of the Project is achievable.

Impacts of Proposed Project Scope Reduction:

After consultation with the Design Team, Port staff proposes partially uncovering the single story baggage laydown area at the north end of the terminal building. As shown in Exhibit 1, this would reduce the covered terminal area by approximately 13,000 square feet on the ground floor and reduce the cost by \$3.8 million. The uncovered area would remain part of the terminal baggage handling operations area which could be temporarily covered with tents or canopies in the event of inclement weather. The gross interior floor area of the revised terminal scheme would be 84,560 square feet.

Second, the Design Team reviewed terminal interior lighting, doors, elevators, shutters, signage, seating and window shades and found \$1.0 million in available savings. Substitution of asphalt for pavers in the Ground Transportation Area resulted in \$1.5 million in savings. A revised structural scheme for repair of the marginal wharf saved \$3.5 million and reduced scope for Pier 29 provisioning facilities saved an additional \$0.5 million. These costs as adjusted for contingency, etc. yield an overall total savings of approximately \$9 million. These cost reductions are shown in Table 5 as the "revised case."

Lastly, the Design Team identified certain elements which would be deferred from Phase 1 to Phase 2 including interior lighting, drainage catch basins, curb cuts and a roof canopy. These would be listed as bid alternates for Phase 1 and would be added to that phase if possible.

The reduction in terminal size and minor changes to the ground transportation area and Northeast Wharf Plaza are not expected to significantly affect the performance of cruise terminal operations or the overall appearance of the facilities. Port staff believe that any further building reduction may compromise the cruise terminal performance standards (and reduce revenue that may be generated from special events).



TABLE 3 -- Secured, Planned and Proposed Sources as of April 4, 2011

Secured	Port Funds	Other Sources	Total
Watermark sale proceeds	20,000,000		
Series 2010 A & B Port Revenue Bond with interest	10,075,089		
Operating Budget – Planning Department fees	220,168		
Capital Budget Appropriation	1,225,000		
Event Authority Contribution		7,500,000	
FEMA Security Grant		7,500,000	
Subtotal: Secured	31,520,257	15,000,000	46,520,257
Planned			
2012 Port Revenue Bond Debt with Interest Earnings	15,500,000		
Capital Budget Appropriation	1,000,000		
Subtotal: Planned	16,500,000	0	16,500,000
Proposed			
Repurposing Existing 2010 Port Revenue Debt	2,500,000		
Reimbursement	-2,500,000		
City Contribution		6,500,000	
2012 GO Bond		9,122,943	
Metro Contribution		2,750,000	
Passenger Facility Charge		4,500,000	
Subtotal: Proposed	0	22,872,943	
Total Sources	48,020,257	37,872,943	85,893,200
Total Sources without EA contribution*	48,020,257	30,372,943	78,393,200

* For budgeting purposes, the demolition and shoreside power relocation are external work now outside of the project scope and as a result, future budgets will exclude the \$7.5 million Event Authority Contribution as a budget source.

TABLE 4 – Funding Sources by Phase as of April 4, 2011

Secured	Phase 1	Phase 2	Total
Watermark sale proceeds	20,000,000		
Series 2010 A & B Port Revenue Bond with interest	10,075,089		
Existing Funding	-		
Operating Budget – Workorder	220,168		
Capital Budget Appropriation	1,225,000		
Event Authority Contribution	7,500,000		
FEMA Security Grant	1,166,850	6,333,150	
Subtotal: Secured	40,187,107	6,333,150	46,520,257
Planned			
2012 Port Revenue Bond Debt with Interest Earnings	15,500,000		
Capital Budget Appropriation	1,000,000		
Subtotal: Planned	16,500,000	0	16,500,000
Proposed			
Repurposing Existing 2010 Port Revenue Debt	2,500,000	(2,500,000)	
City Contribution	6,500,000		
2012 GO Bond		9,122,943	
Facility Operator Contribution		2,750,000	
Passenger Facility Charge		4,500,000	
Subtotal: Proposed	9,000,000	13,872,943	22,872,943
Total Sources	65,687,107	20,206,093	85,893,200
Total Sources without EA contribution	58,187,107	20,206,093	78,393,200

TABLE 5 – Cost Alternatives: Base vs. Revised as of April 4, 2011

	Base Case	Revised Case
Phase 1:		
Core & Shell Costs/Site Improvements	\$ 69,147,806	\$ 58,187,107
Demolition & Shoreside Power Relocation	\$ 7,500,000	\$ 7,500,000
	\$ 76,647,806	\$ 65,687,107
Phase 2:		
Project Completion:	\$ 37,662,549	\$ 32,121,739
Total Cost:	\$114,310,355	\$ 97,808,846
Total Cost, excluding EA obligations	\$106,810,355	\$ 90,308,846

FISCAL FEASIBILITY

Should the Commission support the "revised case" budget alternative, staff will prepare a report for the Port Commission and the Board of Supervisor that details the financing plan in order to seek a determination that the Project is fiscally feasible and responsible under Chapter 29 of the Administrative Code.

PUBLIC OUTREACH PROCESS

During the next several months Port staff will be taking several steps to gather public input on the Schematic Design that was presented to the Port Commission on March 22, 2011. Plans will be reviewed by the Northeast Waterfront Advisory Group on April 6, 2011, Cruise Terminal Steering Committee on April 7, 2011 and the San Francisco Bay Conservation and Development Commission's Design Review Board and the Waterfront Design Advisory Committee will review the Project at Pier 1 on Monday, May 9, 2011. There will also be a public workshop to discuss the Project in the early part of June 2011. Following completion of the Design Development phase of the Project, plans will again be presented to the Port Commission at a public hearing, and again at a design review hearing.

RECOMMENDATION

Port staff request Port Commission authorization of the following:

To enter into a First Amended Memorandum of Understanding for Design Development with the San Francisco Department of Public Works (DPW) to extend the scope of work from Schematic Design through Design Development; and

To increase fees for the design contract with the joint venture of Kaplan, McLaughlin, Diaz and Pfau Long Architecture in the amount not to exceed \$1,950,161 to extend the scope of work from Schematic Design through Design Development, and seek an additional authorization for a ten percent contingency in the amount of \$195,016 in the event of necessary change orders; and for \$624,893 for retroactive design costs as described herein for a total contract authorization of \$2,410,070; and to extend the term of the Agreement to July 31, 2011; and

To utilize the Integrated Project Delivery approach for the procurement of construction services; and authorize DPW to advertise for a Construction Manager/General Contractor ("CM/GC") for this purpose.

Prepared by: John Doll, Project Manager
Planning & Development

Kim von Blohn, Project Director
Engineering

For: Byron Rhett, Deputy Director
Planning & Development

Ed Byrne, Chief Harbor Engineer
Engineering

Peter Dailey, Deputy Director
Maritime

Attachment: Exhibit 1 Revised Schematic Design

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-22

- WHEREAS, On June 9, 2009, the San Francisco Port Commission authorized Port staff to enter into a Memorandum of Understanding ("MOU") with the San Francisco Department of Public Works ("DPW") for the proposed Pier 27 James R. Herman Cruise Ship Terminal and Northeast Wharf Plaza Project ("Project" or "Cruise Terminal Project") for project management and design and engineering services for the program phases from project development through completion of schematic design; and
- WHEREAS, On November 10, 2009, the San Francisco Port Commission authorized award of a contract to the joint venture team of KMD Architects and Pfau Long Architecture ("Design Team") for architectural and engineering services through schematics for the Project; and
- WHEREAS, On December 14, 2010, the San Francisco Port Commission authorized Port staff by Resolution 10-80 to initiate schematic design on Scheme B2, an option that would create a new terminal building at Pier 27 that meets international cruise terminal standards; and
- WHEREAS, On December 14, 2010, the San Francisco Board of Supervisors authorized a proposed Host and Venue Agreement ("HVA") to serve as the City's bid to host the 34th America's Cup-related events ("AC34") in San Francisco in 2012 and 2013, subject to completion of environmental review of the impacts of AC34 and approval of the AC34 project, which the Golden Gate Yacht Club accepted on December 31, 2010, and authorized its designee, the America's Cup Event Authority, LLC ("Event Authority") to execute; and
- WHEREAS, Under the HVA, the Event Authority will perform or contribute to the cost of demolition of the Pier 27 shed and the non-historic portion of Pier 29 and the relocation of shoreside power equipment; the core and shell of a cruise terminal building would be built at Pier 27 for use as a temporary event space for AC34 use until early 2014, then the new building would be completed for use as a primary cruise terminal; and
- WHEREAS, The City Planning Department's environmental review of the Project under the California Environmental Quality Act ("CEQA") takes into account the proposed use of Pier 27 for AC34 and any revisions to the Project as a result of such use; and
- WHEREAS, On March 22, 2011, Port staff and the Design Team presented the Project Schematic Design to the San Francisco Port Commission; and

- WHEREAS, DPW has completed satisfactorily all project management services within the budget authorized under the MOU from Project inception through Schematic Design; and
- WHEREAS, The scope of work for an amended MOU with DPW, as recommended by Port staff, consists of project management, design and engineering services for design development, including the procurement of a Construction Manager/General Contractor to help design and manage the Project, and if the Project is approved following completion of environmental review, through Project completion; and
- WHEREAS, Port staff are pleased with the performance with DPW and the Design Team in keeping the Project on schedule and recommends that the MOU be amended to enable DPW to continue its project management and the Design Team to continue its architectural and engineering services during the Design Development phase of the Project; and
- WHEREAS, Funding of DPW work under the amended MOU and the Design Team services will come from Port capital funds previously authorized; now therefore be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to enter into a First Amended Memorandum of Understanding for Design Development with the San Francisco Department of Public Works (DPW) to extend the scope of work from Schematic Design through Design Development; and, be it further
- RESOLVED, That the Port Commission hereby authorizes Port staff to increase fees for the Joint Venture of Kaplan, McLaughlin, Diaz and Pfau Long Architecture in the amount not to exceed \$1,950,161 to extend the scope of work from Schematic Design through Design Development, and seek an additional authorization for a ten percent contingency in the amount of \$195,161 in the event of necessary change orders; and for \$624,893 for retroactive design costs as described herein for a total contract authorization of \$2,410,070; and to extend the term of the Agreement to July 31, 2011; and, be it further
- RESOLVED, That the Port Commission authorizes the Port staff to utilize the Integrated Project Delivery approach for the procurement of construction services; and authorizes DPW to advertise for a Construction Manager/General Contractor ("CM/GC") for this purpose; and, be it further
- RESOLVED, That, except as provided in this Resolution, the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the MOU that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the Port, and are necessary or advisable to complete the transactions that the



Agreement contemplates and effectuate the purpose and intent of this Resolution, such as determination to be conclusively evidenced by the execution and delivery by the Executive Director of the MOU, and any such amendments thereto; and be it further

RESOLVED, That approval of the Amended MOU, the Amended Design Contract and authorizing staff to initiate the procurement process for a Construction Manager/General Contractor contract using the Integrated Project Delivery approach for the Project and direction to Port staff do not commit the Port Commission to approval of the Project or grant any entitlements, nor does this action foreclose the possibility of considering alternatives to the proposal, mitigation measures, or deciding not to grant entitlement or approve or implement the Project, after conducting appropriate environmental review under CEQA; and be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project until the Port Commission has reviewed and considered environmental documentation prepared in compliance with CEQA for the Project and finally approved the Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 12, 2011.

Secretary



MEMORANDUM

April 7, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Informational presentation on the Port's Maritime Industry Preservation Policy

DIRECTOR'S RECOMMENDATION: Informational Only, No Action Required

At the January 11, 2011 Port Commission meeting, Commissioner FX Crowley requested staff to create a Maritime Industry Preservation Policy for the Port Commission's consideration. A draft policy is enclosed for preliminary consideration by and comment from the Port Commission and the public. Port staff looks forward to incorporating such comments into the policy as it evolves in the coming weeks.

Background:

The Port of San Francisco is home to one of the most diverse business portfolios of any port in the nation. Port assets include 39 pile-supported pier structures, a number of deepwater berths, 245 commercial and industrial buildings, 9 seawall lots, over three miles of streets and sidewalks and other assets such as the largest floating drydock in the Americas, cargo cranes and the nation's western-most active rail yard. The diversity of maritime industries along the San Francisco waterfront is unique; few other places in the world host the array of shipping, industrial, passenger, and recreational maritime activities all in one place. Together, they celebrate the port maritime roots that gave birth to the City of San Francisco, which have shaped modern efforts to reinvent and revitalize the waterfront and adjacent neighborhoods along the northern and eastern sides of San Francisco.

The enclosed draft Maritime Industry Preservation Policy is proposed in recognition of the changes that have and will continue to occur as the Port's waterfront portfolio

THIS PRINT COVERS CALENDAR ITEM NO. 10A

evolves to respond to industry changes and City needs. In particular, changes along the northern half of the Port's waterfront have demonstrated a need for specific protections of deepwater berths for ocean-going vessels, from small fishing boats and harbor tugs to enormous passenger cruise ships and visiting military vessels. These berths are located at Pier 45 (south face), Pier 35 (north and south face), Pier 27, Pier 15-17 (east face) and Pier 30-32 (east face). In the southern waterfront, the Port's maritime priorities need to protect deepwater berths as well as sufficient upland areas and buffer zones for ship repair and traditional cargo shipping. Both types of maritime functions can co-exist with new economic improvements, including waterfront open spaces.

The maps attached to the Draft Maritime Industry Preservation Policy illustrate the location and composition of the Port's deepwater berths delineated by location.

The proposed Maritime Industry Preservation Policy is meant to guide Port staff, tenants and developers in the importance of maintaining the Port's long-held maritime assets for current and future maritime activity in accordance with the Port's and the City's long maritime history and the Port's perpetual maritime mission. Port staff propose to use this Maritime Industry Preservation Policy, once finally adopted, to determine whether it is in the best interest of the Port to recommend to the Port Commission to grant a tenant's or developer's request to develop, rehabilitate and/or renew a Port asset.

Next Steps

This draft policy will be vetted with the Port's Maritime Commerce Advisory Committee and other Port community advisory committees. Following these meetings and revision of the policy accordingly, Port staff will return to the Port Commission for consideration and adoption of the Maritime Industry Preservation Policy later this summer.

Prepared by: Peter Dailey
Deputy Director, Maritime

Attachment:

- Maritime Industry Preservation Policy
- Maps

Port of San Francisco

Maritime Industry Preservation Policy

April 2011, Draft

“A Working Waterfront - Port lands should continue to be reserved to meet the current and future needs of cargo, shipping, fishing, passenger cruise ships, ship repair, ferries and excursion boats, recreational boating and other water dependent activities”.

Port of San Francisco Waterfront Land Use Plan

The Port of San Francisco is one of the most diverse and vital ports in the nation. Port assets include 39 pile-supported pier structures, 80 substructures including marginal wharves that connect these piers, 15 deepwater berths, 245 commercial and industrial buildings, 9 seawall lots, over three miles of streets and sidewalks and other assets such as drydocks, cargo cranes and railroad tracks. The diversity of maritime industries along the San Francisco waterfront is unique; few other places in the world host the array of shipping, industrial, passenger, and recreational maritime activities all in one place. Together, they celebrate the port maritime roots that gave birth to the city, which have shaped modern efforts to reinvent and revitalize the waterfront and adjacent neighborhoods along the northern and eastern sides of San Francisco.

It was out of concern for the protection of these maritime industries that San Franciscans called for creation of the landmark San Francisco Waterfront Land Use Plan (Waterfront Plan), the official policy document of the San Francisco Port Commission. The Waterfront Plan sets forth goals and policies to guide Port improvements that balance new development, public open space and maritime industry needs. Since its initial adoption of the Waterfront Plan in 1997, the Port Commission has approved amendments that focus more specific attention and direction for public access and waterfront open spaces, and architectural guidelines. The Port Commission also has formally recognized San Francisco’s rich maritime heritage through the approval of the Embarcadero Waterfront National Register Historic District, which preserves and protects the waterfront’s iconic finger piers and historic buildings. But, while the Port continues a long history of engineering, operational and maintenance efforts to support all its maritime assets and facilities, there has been no further detailed policy direction for this essential aspect of the Port’s purpose and mission, which also is considered fundamental to the Port’s commitment to historic preservation.

A key priority of the Waterfront Land Use Plan is to ensure that ample property is reserved for the existing and future land use needs of the Port’s water-dependent activities. Water-Dependent activities are defined in the Waterfront Land Use Plan as “those which require access to water in order to function”. As the demand for development of Port assets has grown, the Port has determined a need for the following Maritime Industry Preservation Policy. Its intent is to provide formal, more specific policy direction for prioritizing maritime activities and assets, and measures to foster

financial and other strategies to support current and long-term protection of valuable and limited deepwater berths, waterborne connections and maritime facilities.

The Port of San Francisco plays a vital part to the region's status as a major world port system and contributes to the economic vitality of the region. This is recognized in other public plans, including the San Francisco Bay Conservation and Development Commission (BCDC) and the Metropolitan Transportation Commission's *San Francisco Bay Area Seaport Plan*, which also recognizes the Bay Area's ports as an element of the Bay Area transportation system, and managed facilities that complement environmental and public access protections for San Francisco Bay. In directing the efficient use of finite physical and fiscal resources, the Seaport Plan designates "Port Priority Use Areas" to protect existing port and waterfront areas that support and have access to deep water channels. In San Francisco, the Seaport Plan includes Piers 48 and 50, the ship repair facility currently leased to BAE Systems at Pier 70, Piers 80, 90, 92, 94 and 96 as Port Priority Areas.

This Maritime Industry Preservation Policy is proposed in recognition of the changes that have, and will continue to occur as the waterfront evolves to respond to industry changes and City needs. In particular, changes along the northern half of the Port waterfront have demonstrated a need for specific protections of deepwater berths for ocean-going vessels. These berths are located at Pier 45 (south face), Pier 35 (north and south face), Pier 27, Pier 15-17 (east face) and Pier 30-32 (east face). In the southern waterfront, the Port's maritime priorities need to protect deepwater berths as well as sufficient upland areas and buffer zones for ship repair and traditional cargo shipping. Both types of maritime functions can co-exist with new economic improvements, including waterfront open spaces.

The maps attached to the Draft Maritime Industry Preservation Policy illustrate the location and composition of the Port's deepwater berths delineated by location.

In support of the current and future continuation of the Port of San Francisco's maritime activity, commerce, transportation and history, Port development, rehabilitation and use activities will:

- 1) Encourage development and/or rehabilitation of Port assets that enhance current water-dependent commercial uses or designated Port Priority Areas.
- 2) Protect the Port's remaining natural deepwater berths for active maritime uses by requiring that such berths be utilized by vessels which leave the berth no less than once per week and by prohibiting use of such berths for use by static maritime museums, offices on vessels, lay-berthing of historic vessels, etc.
- 3) Promote Port development/historic rehabilitation projects that incorporate physical improvements to maritime deepwater berthing facilities, including associated needed repair or equipment requirements, and/or incorporate new or improved facilities specifically to support maritime industry activities.

- 4) Discourage the location of non-water dependent municipal or commercial uses/facilities, other than parks, on sites with waterfront access.
- 5) Maintain adequate water depth of current deep water berths to accommodate current and future Port maritime activities by prioritizing funding of minimum levels of dredging in the Port's capital plan.
- 6) When promoting marine recreational uses of the Port, minimize conflicts of current and future developments between ocean going vessels and said recreational uses.
- 7) Prioritize water dependent uses and not allow limits to standard operating periods for the purpose of accommodating adjacent non-maritime uses, public access or view corridors except as otherwise identified in the Port's Waterfront Land Use Plan.

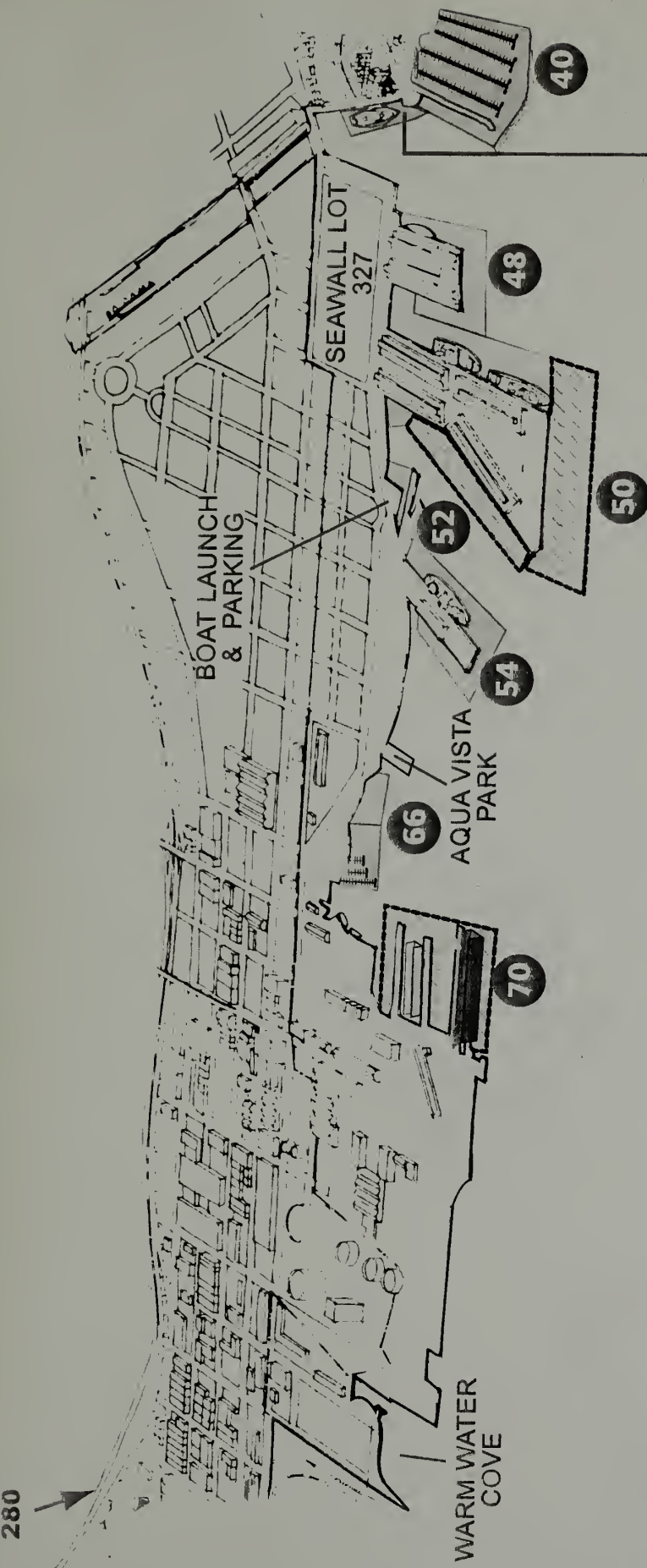
In support of the objectives of this proposed Maritime Industry Preservation Policy, Port staff also contemplates the creation of a Maritime Industry Preservation Fund. The purpose of the Port's Maritime Industry Preservation Fund is to create a new revenue source dedicated to repair, maintenance or improvement of berths and facilities to meet the Port's numerous maritime needs and obligations for generations to come. Before finalizing this Maritime Industry Preservation Policy, staff will work further with stakeholders to define funding options for this purpose. Such options include a development contribution for new development rehabilitation projects. The amount of such contribution would be offset for projects which preserve, renew and/or create new maritime assets in the Port's portfolio.

This Maritime Industry Preservation Policy is meant to guide Port staff, tenants and developers in the importance of maintaining the Port's long-held maritime assets for current and future maritime activity in accordance with the Port's and the City's long maritime history and the Port's perpetual maritime mission. Port staff will use this Maritime Industry Preservation Policy to determine whether it is in the best interest of the Port to recommend to the Port Commission to grant a tenant's or developer's request to develop, rehabilitate and/or renew a Port asset.

Port of San Francisco Active Maritime Berths — SOUTH CENTRAL PORT

(April 5, 2011)

Interstate
280



AT&T PARK/
CHINA BASIN FERRY LANDING

— Designation as per Bay Conservation & Development
Seaport Plan (As amended January 2007)

Port Priority Area

Active Berths

Deep Water Berths

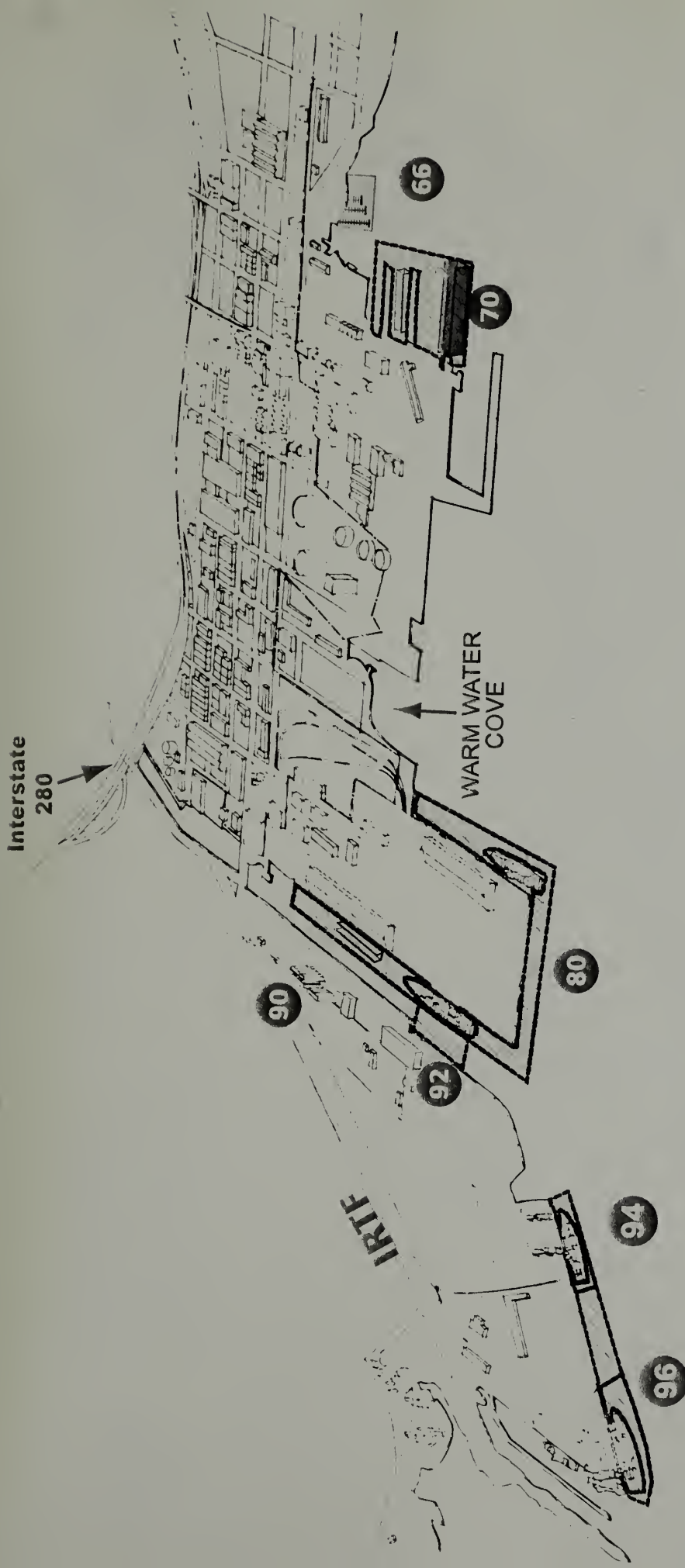
**COLOR
KEY**



PORT OF
SAN FRANCISCO

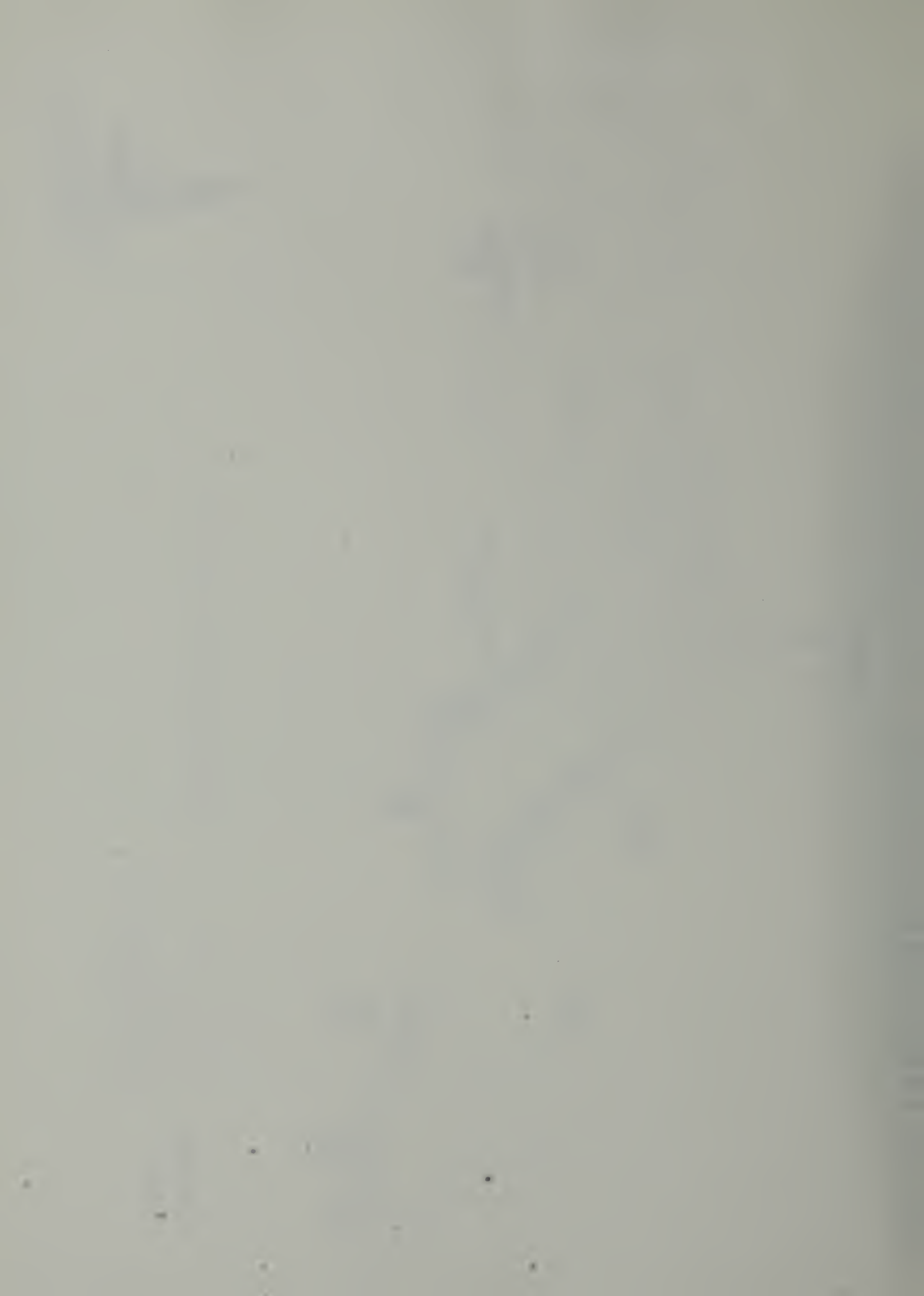
Port of San Francisco Active Maritime Berths — SOUTH PORT AREA

(April 5, 2011)



Port Priority Area	—	Designation as per Bay Conservation & Development Seaport Plan (As amended January 2007)
Active Berths	—	XXX
Deep Water Berths	—	XXX

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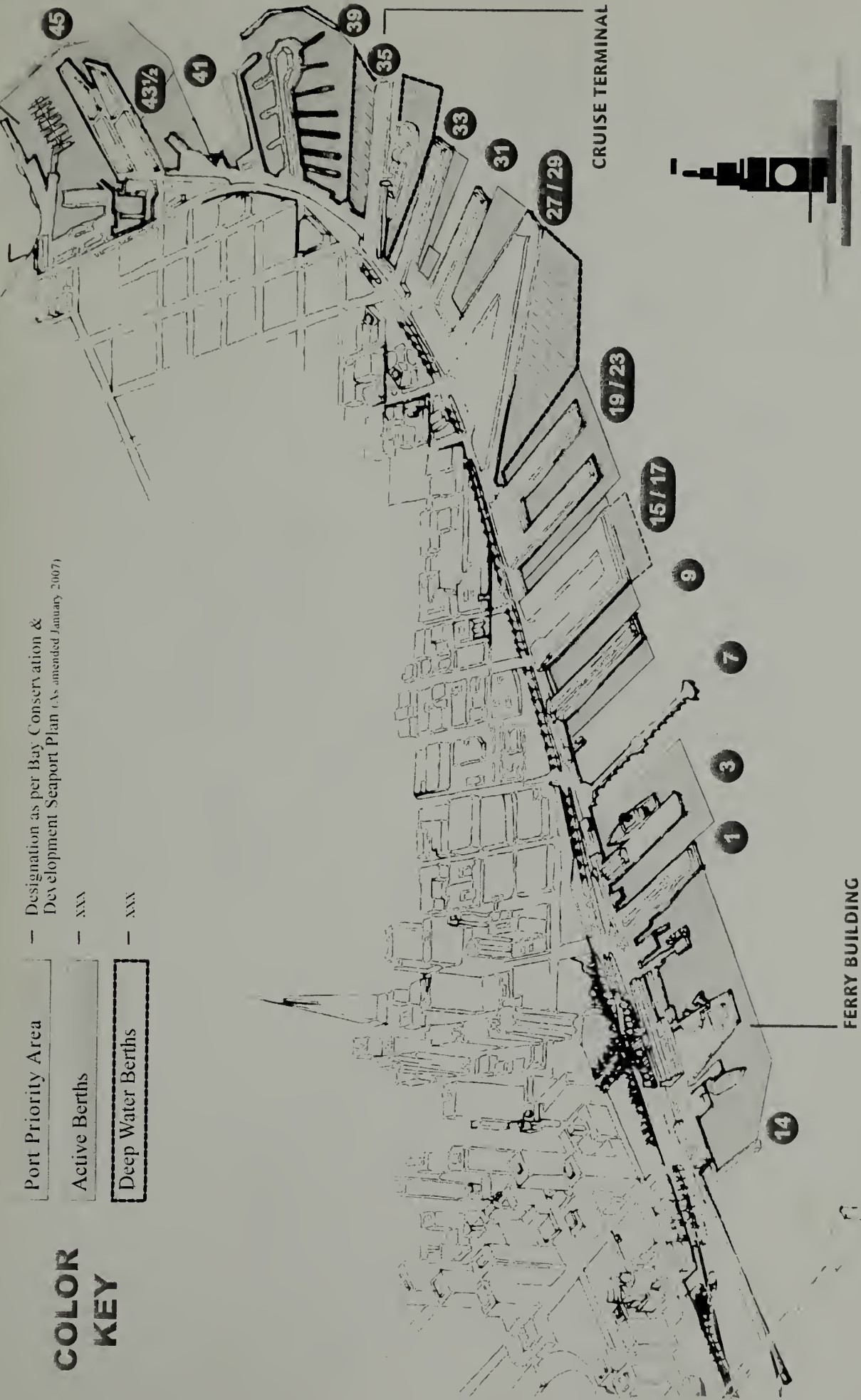
Port of San Francisco Active Maritime Berths — NORTH PORT AREA

(April 5, 2011)

HYDE ST. HARBOR
HYDE ST. PIER

COLOR KEY

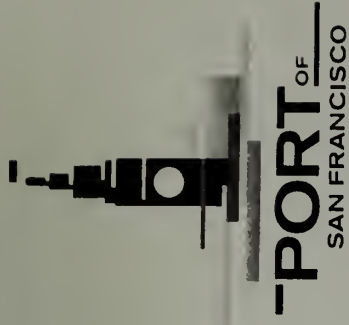
Port Priority Area	— Designation as per Bay Conservation & Development Seaport Plan (As amended January 2007)
Active Berths	— XXX
Deep Water Berths	— XXX



PORT OF
SAN FRANCISCO

Port of San Francisco Active Maritime Berths — NORTH CENTRAL PORT

(April 5, 2011)



— Designation as per Bay Conservation & Development
Seaport Plan (As amended January 2007)

— XXX

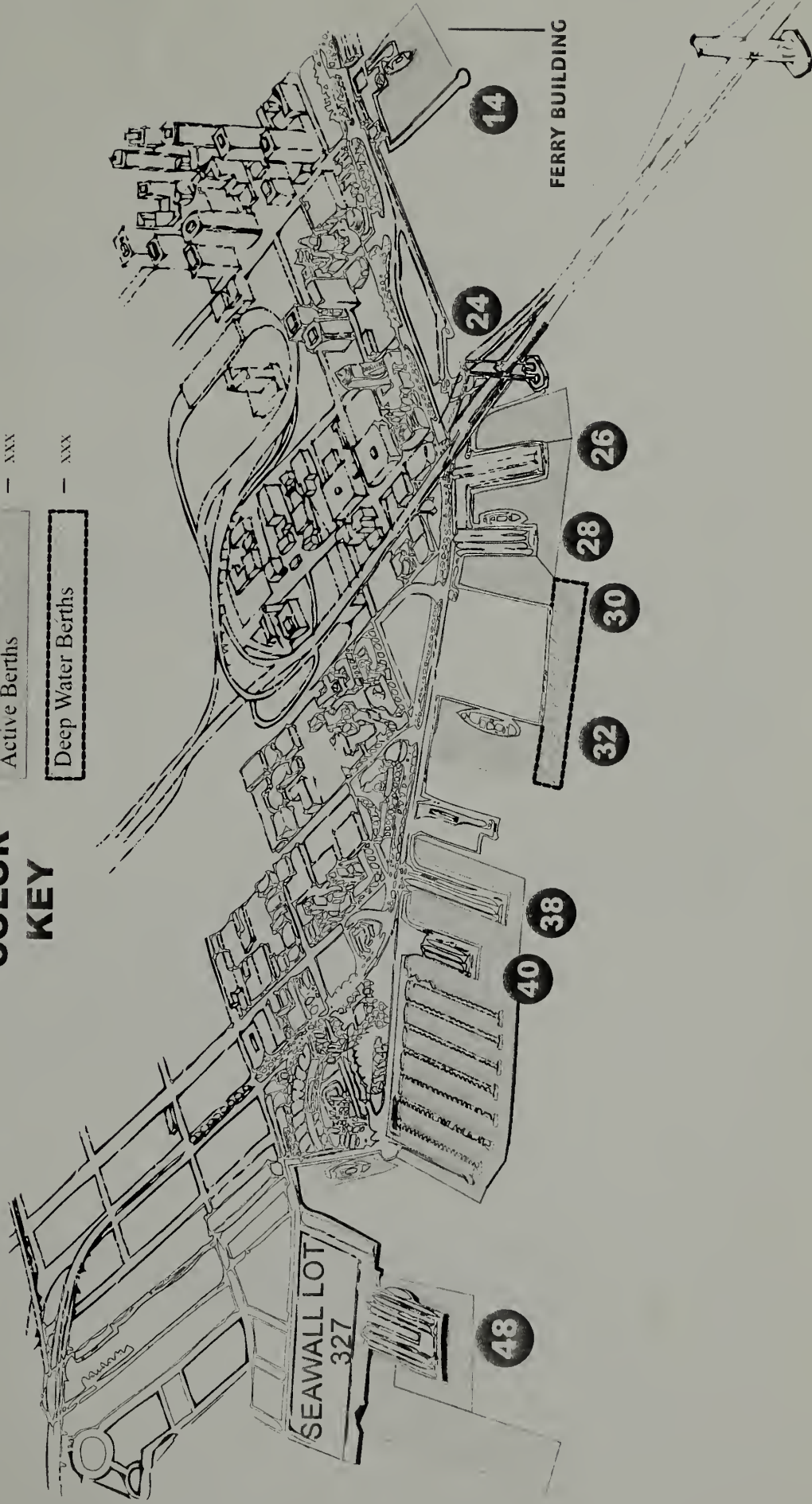
— XXX

COLOR KEY

Port Priority Area

Active Berths

Deep Water Berths



SAN FRANCISCO PORT COMMISSION

**APRIL 12, 2011
MINUTES OF THE MEETING**

GOVERNMENT
DOCUMENTS DEPT

APR 21 2011

SAN FRANCISCO
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**MEMBERS, PORT COMMISSION
HON. KIMBERLY BRANDON, PRESIDENT
HON. ANN LAZARUS, VICE PRESIDENT
HON. FRANCIS X. CROWLEY
HON. LESLIE KATZ**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, APRIL 12, 2011

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:06 p.m. The following Commissioners were present: Kimberly Brandon, Ann Lazarus, Francis X. Crowley and Leslie Katz.

2. APPROVAL OF MINUTES - March 22, 2011

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; the minutes of the March 22, 2011 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

At 2:07 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action)

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- City and County of San Francisco by and through its Port Commission vs. Carl Ernst, Jr., an individual and Does 1 to 10; Superior Court of California, County of San Francisco (CUD 09-631352)
- City and County of San Francisco v. Carl Ernst, Jr., and Pier 38 Maritime Recreation Center, Inc.; Superior Court of California, County of San Francisco (Case No. CUD-07-621476)

- Carl Ernst, Jr. vs. Monique Moyer, The San Francisco Port Commission, The Port of San Francisco; The City and County of San Francisco and Does 1 through 20; Superior Court of California, County of San Francisco (CUD 10-501887)
- In re Pier 38 Maritime Recreation Center, Inc. (Debtor), U.S. Bankruptcy Court, Northern District of California, San Francisco Division, Chapter 7 (Case No. 07-31444 DM), and Pier 38 Maritime Recreation Center, Inc. and Carl Ernst Jr. v. City and County of San Francisco; Port Commission of San Francisco (Adversary Proceeding No. 07-31443), and City and County of San Francisco by and through its Port Commission v. Andrea A. Wirum, Trustee of the Bankruptcy Estate of Pier 38 Maritime Recreation Center, Inc. and related counterclaim Andrea Wirum, Trustee v. City and County of San Francisco (Adversary Proceeding No. 10-3271)

(2) **CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR.** – This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

- a. Property: Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330
Person Negotiating: Port: Jonathan Stern, Assistant Deputy Director, Planning and Development, and Brad Benson, Special Projects Manager
*Negotiating Parties: America's Cup Event Authority, LLC: Stephen Barclay, Craig Thompson and Patrick Jost

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Lazarus made a motion not to disclose any information discussed in executive session. Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Devices During the Meeting

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Opening of Salmon Season

On May 1, 2011, salmon season officially opens for the first time in three years. Although the agenda states April 2, that was the day of the celebration of salmon season coming back. It's been three years since the San Francisco commercial fishermen haven't been able to fish Chinook salmon. Salmon fishing area runs from Point Arena to the Mexico border. The season starts in May and excluding some days in June and July, it ends in mid September or October. We're looking forward to a very robust season. Salmon fishing has been cancelled in 2008, 2009 and 2010, and our fishermen have been amazingly strong and hanging in there. Expect to see wild salmon on Port restaurant menus this summer.

- San Francisco Heritage Soiree/Port City Presentation – April 9, 2011

On Saturday, April 9, 2011, San Francisco Heritage held a soirée in commemoration of its 40th anniversary. We were proud to be able to provide, in concert with Metro Stevedore Company, the Pier 35 cruise terminal as a location for the soirée. Heritage was terrific in recognizing both the Port and Metropolitan Stevedore for our support of their program. The Port was represented by Mark Paez and Corinne Woods. They celebrated the publication of Port City, the history and transformation of the Port of San Francisco, 1848 to 2010. We're amazingly proud of all of their successes and their contributions to our waterfront, and we are so glad to be considered partners with them.

On May 25, 2011 at noon at Pier 1, Mark Buhler, the Heritage Executive Director, and Michael Corbett, Architectural Historian, the author of Port City, are going to come to the Port for a brownbag lunch to present the book. Heritage will have copies of "Port City"

available for purchase and Michael Corbett will be holding a book signing at the end of the presentation. The brownbag is open to Commissioners and CAC members and tenants and whoever else might like to come.

To date, Heritage has given public presentations of Port City at the California Historical Society, the American Institute of Architects and the Telegraph Hill Dwellers Neighborhood Association. The next presentation is May 11, 2011 at SPUR. The book is very well received and people are asking if they can find it on Amazon. It is not on Amazon but it is available at bookstores around the city, especially in the Ferry Building's Passage Bookstore.

- 2011 San Francisco Business Times Awards:
 - America's Cup, *Deal of the Year*
 - Michael Cohen, *Deal Maker of the Year*
 - Exploratorium, *Finalist, Best Private/Public Deal of the Year*
 - Pier 24 Pilara Collection, *Finalist, Best Rehabilitation/Renovation Deal of the Year*
 - Lafitte, *Best New Restaurant, San Francisco*

On March 23, 2011, the San Francisco Business Times held their annual Deals of the Year Awards. There's never been a time when so many of the port's partners were recognized. First and foremost, the winner of Deal of the Year was the city effort, including the Port, to win the bid for the America's Cup for 2013. We're very proud of that accomplishment.

The Real Estate Dealmaker of the Year was Michael Cohen, who for many years was the Director of the Office of Economic and Workforce Development. Among the many accomplishments that were cited were here at the port, including the Exploratorium as well as Treasure Island, Hunter's Point, and his help with the America's Cup bid.

The Exploratorium Project was the finalist for Best Private/Public Deal of the Year. It took a lot of creativity to have that deal happen, and we're very pleased about that recognition and congratulate our partners at the Exploratorium.

The Pier 24 Pilara Collection was a finalist for Best Rehabilitation/Renovation Deal of the Year, and it is a tremendous space.

Lafitte Restaurant at Pier 5 was named Best New Restaurant in San Francisco. We couldn't be more proud, and we congratulate all our partners. We hope to do even better next year.

- Earth Day – April 22, 2011

Friday, April 22, 2011 is Earth Day, and the Port has already teamed up with several entities such as the Neighborhood Parks Council, the Blue Greenway, GreenTrust San Francisco, Sea Scavenger, Golden Gate Autobahn Society, Kayaks Unlimited, and the City's Department of Public Works, who leads the city's efforts on Earth Day, to coordinate several Earth Day cleaning and greening events along the Blue Greenway.

Two of those events happened on Saturday, April 9. The first was led by the Golden Gate Autobon Society at the Pier 94 Wetlands where they performed invasive plant removal, cleanup and planting. The second was led by the Sea Scavenger Conservancy, which performed shoreline cleanup along India Basin Shoreline.

On Saturday, April 16, there will be an event at Agua Vista Park from 9:00 to noon and then two events the following Saturday, April 23, one at Warm Water Cove from 9:30 to 12:30 and a second at Islais Creek from 9:00 to 3:00, and volunteers are desperately wanted, needed and beloved if they would please come out and help. For more information, see Corinne Woods or go to the Neighborhood Parks Council website or the Port's websites as well as the city's website and the Department of Public Works.

- Disney Cruise Line 6 New Port Calls: May 15-16, 2010; September 13-14, 18-19, & 25-26, 2012, October 2-3 & 9-10, 2012

Disney Cruise Line will make its first-ever call to San Francisco at the end of this month. They will be arriving on April 29, 2011 coming in from Los Angeles and staying overnight for a two-day visit to San Francisco, departing on April 30 to Victoria, Canada. Disney announced six new port calls for 2012 in San Francisco, one in May and three in September and two in October. The Disney Wonder will arrive in two weeks' time at Pier 35. She is 965 feet. She'll have approximately 22,700 guests.

- Update on the Downtown San Francisco Ferry Terminal Expansion Project

At the May 10, 2011 Port Commission meeting, staff will be making a presentation on the Downtown San Francisco Ferry Terminal Expansion Project. This project is a joint planning effort between the Water Emergency Transportation Authority and the Port of San Francisco to expand ferry service from the Downtown Ferry Terminal and also implement related public improvements in the back area of the Ferry Building area.

A presentation was made at the Water Emergency Transit Authority's board meeting last week. The EIR will be getting kicked off shortly. There will be a public scoping meeting at Pier 1 on April 26 for anybody interested in being involved in the EIR process. More information can be located on the Port's and the Water Emergency Transit Authority's websites.

Francisco Da Costa informed Commissioner Crowley that he attended the San Francisco Public Utilities Commission Meeting, and they send him their regards, and they miss him at PUC. He indicated that he used to come regularly to the Port Commission meetings, but there's so much happening at City Hall that he can't be everywhere. The 7.5 miles that the Commissioners control is public trust land. The Director's Report mentioned the salmon season, cruise lines coming to the Port, the America's Cup and other things. Public Trust Land means that all Californians have a stake in what happens. If you read the law, you'll know that apart from outside the Bay Area and San Francisco, meaningful outreach has to be done. One of the ways is to provide access to the DVD of the deliberation. When he goes to the neighborhoods, people do not know much, and some do not know anything about what is happening at the Port. The good thing is there are some people who have been at City Hall, some who have had the occasion to meet the constituency. If you do not do outreach, it's going to come to haunt you.

He and the Port director have a very good relationship. She is always looking for accountability and transparency. He's here to state one thing, which is linked to the Director's Report every time. Do you really follow the Public Trust Act? If you do represent and do good representation to the constituents, do you do meaningful outreach and deliberation?

- B. Request approval to execute a Memorandum of Agreement with the San Francisco Bay Conservation and Development Commission ("BCDC") for staffing costs associated with the Port of San Francisco's proposed amendment to the BCDC Special Area Plan for the San Francisco Waterfront for the proposed Pier 27 Cruise Terminal and the 34th America's Cup. (Resolution No. 11-23)

Brad Benson, Special Projects Manager for the Port presented the Bay Conservation and Development Commission's Special Area Plan for the San Francisco Waterfront as it pertains to the proposed cruise terminal at Pier 27 and a portion of the America's Cup project.

For a long time, BCDC maintained a plan for the San Francisco Waterfront called the Total Design Plan. It was a very prescriptive plan about what could happen at individual locations of the waterfront, and it

didn't provide a lot of flexibility needed to rehabilitate the Port's finger piers and redevelop the city's waterfront.

Around the time the Port was finalizing its Waterfront Land Use Plan, the Port Director at the time and the executive director of BCDC entered into an agreement to negotiate a change to BCDC's plans for the waterfront. The result of that effort was the Special Area Plan. It provided a plan-level approach to achieve BCDC's policy goals for the waterfront, creating new waterfront plazas, new open water basins for the waterfront, a way to rehabilitate the Port's historic finger piers and provide maximum feasible access to the water's edge. That set of changes enabled projects like the Ferry Building and Pier 1 and 1½, 3 and 5 to go forward.

Generally, BCDC has a broad jurisdiction over the Port's waterfronts. Within the 100-foot shoreline band and in the open-water areas, BCDC permits the placement of fill, public access to the bay, any new docks or pile-supported structures, dredging activity, open water basins, changes in use and any construction remodeling or repair of a structure, so that pretty much anything significant that the Port does requires permission from BCDC.

With respect to the cruise terminal, there were some major public benefits that BCDC and the Port agreed would be provided at the Pier 27 location. In essence, the Cruise Terminal Project changes how we need to approach that public benefit package. He asked for Commission's approval for a negotiated agreement with BCDC to reimburse their staff costs in order to amend the Special Area Plan.

North of the Ferry Building at Piers 19 through 29, BCDC called for the following major public benefits: For the front portion of the Pier 27 shed along the Embarcadero to be removed to make way for the Northeast Wharf Plaza, a two-acre waterfront park, an open water basin, which is generally defined as an area where the public can view the bay, without major disruption between Piers 19 and 27, and the removal of half of the Pier 23 shed. Pier 23 is a contributing resource to the Embarcadero Historic District.

The purpose of those combined benefits was to provide the public with an area, the Northeast Wharf Plaza, to recreate, appreciate the bay and have fairly unobstructed views. The idea about removing the Pier 23 shed or half of the Pier 23 shed was to provide great views of the Bay Bridge.

The uses that were envisioned for this site in the Special Area Plan and the Waterfront Land Use Plan at the time were for the Pier 27 through 31 complex, mixed-use recreation, and for the water area between Piers 23 and 27 for layberthing and ceremonial berthing.

The Port has gone through a process that selected the Pier 27 berth as the Port's premier berth and the most appropriate location for cruise berthing along the waterfront. Port staff has consulted with BCDC about how that cruise terminal project relates to these proposed benefits. The cruise terminal team has done an excellent job of incorporating the vision of the Northeast Wharf Plaza into the design of the cruise terminal. Port staff's initial consultation with BCDC has given us the impression that BCDC staff views the cruise activities as impacting on the park and diminishing the value of the open-water basin.

Additionally, a major project at Piers 27 through 31 triggers this requirement to remove the back half of Pier 23. Now that we understand that resource, we understand it much better than we did in 2000 when this agreement was negotiated, that would be a significant impact to that historic resource to remove the back half of the shed. The pier is in very good shape, and it would be in the Port's business interest to be able to maintain that shed.

In anticipation of this and in consultation with the Cruise Terminal Team and BCDC staff, last year we've started early outreach to the Port's waterfront constituents to figure out a different way of delivering similar public benefits to the waterfronts, great park spaces, new open water basins and with a mind of being able to build the cruise terminal and also to be able to preserve Pier 23.

With the America's Cup proposal, now the proposal is not just to remove the front portion of Pier 27, but also the rear portion of 27 where it intersects with Pier 29. We can negotiate with BCDC to create new plazas, not only where the Northeast Wharf Park is planned, but also at the end of Piers 27 and 29 that there are new view possibilities of the bay at that location and that shed removal could possibly replace the required shed removal at Pier 23.

We are going to have to do more consultation with our waterfront stakeholders and with BCDC staff to figure out exactly the right formula for amending the Special Area Plan.

Finally, there's one component of this amendment that does not pertain to this part of the waterfront. The America's Cup is envisioning the use of Piers 32 through 36 water basin for mooring of catamarans. Under the BCDC Special Area Plan that is also an open water basin designed for passive enjoyment of the bay. BCDC indicated that we would need to amend the Special Area Plan to allow the temporary use to go forward in that water basin.

Today's proposal is for the Port Commission to authorize Port staff to enter into a cost reimbursement agreement with BCDC staff to negotiate

the changes and to process the Port's amendments to the Special Area Plan. The proposed BCDC staffing cost is \$100,000 that includes a \$20,000 contingency. We envision that this plan amendment would be studied under the joint CEQA for the cruise terminal and the America's Cup and would take about a year to complete. It's a very time-consuming process.

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; Resolution No. 11-23 was adopted.

8. CONSENT

- A. Request authorization to amend contract with Langan Engineering and Environmental Services, Inc. to provide additional environmental investigation and related consulting services for the Pier 70 Master Plan Area, and to increase the contract amount by \$387,697 (or 22.5%) to \$1,719,969, with no change to contract term. (Resolution No. 11-16)
- B. Request authorization to award Construction Contract 2727, Pier 43 Bay Trail Link Project, to Vortex Marine Construction, Inc. in the amount of \$6,383,000, and to create a contract contingency fund of 10% of the contract amount (or \$638,300) for unanticipated contingencies. (Resolution No. 11-17)
- C. Request authorization to execute an amendment to the design and engineering services contract with Gerwick/SDE JV for the Pier 43 Bay Trail Link Project increasing the contract amount by the sum of \$106,945 to \$853,428, and for a contract contingency fund of 10% of the remaining contract amount of \$107,700 (or \$10,770). (Resolution No. 11-18)
- D. Request authorization to award Construction Contract No. 2741, Marine Structural Projects III, to West Bay Builders, Inc., in an amount not to exceed \$1,325,000, and authorization for a 10% contingency fund of \$132,500. (Resolution No. 11-19)
- E. Request approval of resolution authorizing the Port Executive Director to execute a revised Memorandum of Understanding (MOU) with the Controller of the City and County of San Francisco to reimburse the Port for revenue lost due to hosting the 34th America's Cup. (Resolution No. 11-20)

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; Resolution Nos. 11-16, 11-17, 11-18, 11-19 and 11-20 were adopted.

9. PLANNING AND DEVELOPMENT

- A. Request approval to award the Pier 70 Waterfront Site development opportunity to Forest City Development California, Inc. and to enter into exclusive negotiations for a lease and development agreement of 25 acres to achieve the objectives specified in the Port's August 30, 2010 development solicitation for the site. (Resolution No. 11-21)

Kathleen Diohep, Port Project Manager for Pier 70, indicated that today is an accomplishment in a whole series of planning and work and efforts that have been going on at the Port before her tenure. She asked for Commission's approval to award the development opportunity for a portion of the Pier 70 site to Forest City Development.

Pier 70 is almost 70 acres, from 18th Street to Mariposa, Illinois to the water. It includes the working ship repair yard. It includes an amazing collection of historic buildings dating back to the 1880's. It's a place that created an amazing amount of industrial history in San Francisco.

The Port initiated a community planning process to come up with a way to envision and recreate this site. Through that process, we created a balance between historic preservation, new opportunities for new buildings, creating parks and retaining ship repair and attempting to do it in a way that's environmentally and financially sustainable.

As we move forward, we realize that there was a little bit more than one entity could swallow if we put the whole project out as one development opportunity. We offered the southeast corner, the waterfront site, which is predominantly asphalt now. It's the opportunity area where we could build a substantial amount of new development that would be the economic engine to bring the rest of Pier 70 forward.

The solicitation for a real estate developer for Pier 70 was released in May 2010. Port staff chose to issue the request-for-qualifications for a skilled, qualified, capable partner to work with the Port. We had done a certain level of working through issues with the planning process. Rather than asking the prospective respondents to submit an economic or design bid, which we knew we'd have to renegotiate, we went with the idea of choosing on qualifications and getting a proposal later.

The waterfront site is 25 acres, consisting of approximately 2.5 million square feet. Part of the role we want the developer to take is help the Port understand how to bring infrastructure to the whole site. How do we come up with a reasonable cost-recovery plan for the infrastructure across all the users? How do we get through the entitlement processes and all of the steps we need to do to realize the plan?

We issued the RFQ, and we received six respondents. In February 2011, four of those respondents were qualified and each team made a

presentation to the Commission. They were Forest City, Mission Bay Development Group, San Francisco Waterfront Partners and TMG.

One of the most amazing conclusions out of this is there were four very well-capitalized, very interested, very capable private parties indicating they're willing to toss their money into our project. They're willing to invest at least \$10 million to get the entitlements, and they see a real economic opportunity.

Forest City, a national developer, which is a public/private focus, had some very strong parallels to Pier 70 in their resume. The Washington Naval Yards, which is a waterfront site, near a working naval yard, near a ballpark. The University Park at MIT, a technology campus near a major research university like UCSF, on a land lease, partnering with MIT, throwing off substantial ground rent. The Presidio Landmark, the rehabilitation of the Public Health Service Hospital site where they artfully tucked new construction into a historic district and restored that building.

Mission Bay Development Group made the Mission Bay Project happen. They had strong, local experience. They understand the mechanics of what the real estate trade calls the horizontal development, putting in roads and parks and the infrastructure. They know what to do with the waterfront parks at Pier 70 because they've done it at Mission Bay. They were proposing master-developer construct that was successful at Mission Bay, purchased late last year by Sales Force, 14 acres at a substantial price showed that the value of having the entitlements and the horizontal in place creates value to the land.

San Francisco Waterfront Partners have been our partner at Piers 1½, 3 and 5, the Washington Street project and the Pilara project. They have a strong historic preservation and Port of San Francisco experience. They had some exciting design concepts -- a hotel, marina, and an arts educational campus for Pier 70.

TMG and the Sobrato Group are the two of the largest Bay-area developers. Either of them have the capacity to take on and do the Pier 70 project and the strengths. They had a very strong tie-in to the technology sector. Sobrato Organization characterizes themselves as the landlord of Silicon Valley, and they see that Silicon Valley Technology Energy moving north, people wanting to be in San Francisco, and they wanted to come here with that now as an exciting validation of some of the uses we're thinking of at Pier 70. Sobrato just in the recent past bought a building in Mission Bay just north of Pier 70.

With regard to the evaluation process, the presentations were made to the Port Commission on February 22, 2011. The evaluation panel, with Port Staff,

interviewed the four teams on February 23, 2011 and individually and independently scored each team on the evaluation criteria. The Central Waterfront Advisory Group also met and had each developer give them a presentation and then take questions from the Advisory Group members and from the public. After the developers did these presentations, the community and CWAG conferred and came up with a list of pros and cons and issues, which are included in the staff report.

Staff undertook a financial and staff-capacity review of each developer. The members of the evaluation panel are: Steve Chamberlain, a retired real estate developer and taught at the Haas Business School. Bijal Patel, Deputy Director of Property Development and Management for the Santa Clara Valley Transit Authority. Tracy Reynolds, the real estate manager and development for the San Francisco Redevelopment Agency. Corinne Woods, member of the Central Waterfront Advisory Group (CWAG), a Mission Bay resident. Jasper Rubin, CWAG member, a planning professor at San Francisco State, and was a planner with the San Francisco Planning Department.

The panel asked hard questions, interviewed, scored and ranked the proposals. Kathleen Diohep indicated that on page 4 of the staff report, the approach should be 35 points and experience should be 30 points maximum. The numbers were transposed. It doesn't change the outcome.

Forest City received the highest score in each category and overall. They tied with Mission Bay Development on their vision and their approach for Pier 70, and they tied with TMG Sobrato on their staff capacity.

Based on this evaluation, on the reviews, the checks, etc. staff is recommending that the Port Commission authorize staff to begin negotiations with Forest City for Pier 70.

If approved, staff would then negotiate an exclusive negotiation agreement with Forest City i.e. structure the process for considering the project, establishes fees and cost recovery and a schedule for performance. It contains a number of good partner provisions on how we're going to work together over the period of time to get this project approved.

Staff will come back in spring to seek Commission's approval of the ENA. Staff is not seeking the Commission's approval of the actual terms of the ENA today but rather seeking authorization for staff to commence negotiation in July.

We don't have a development proposal or even a conceptual proposal from Forest City at this time. We'll be looking at having something on that for Commission's review late this year. As we move forward, and these dates get more conceptual.

In 2012, we will be doing the infrastructure assessment, the financing plan and then starting our way through all the entitlement steps including CEQA, Board of Supervisors approval, and other steps in 2012. If everything comes together, we could start to break ground and build out at Pier 70 in 2014.

We're asking the Port Commission to award to Forest City this development opportunity, but we're going to come back for approval of the actual ENA terms. If it doesn't work out, we have the right to go to a different partner. We're not committing to a project. There is no actual project proposal. This is about agreeing to a process to come up with one. There will still be many changes in concept. There'll be many opportunities to analyze the environmental, the economic, the market, and the maritime impacts, all of the different things we'd have to look at and understand to really do the project.

Francisco Da Costa indicated that he represents the first people of this area, the Muwekma Ohlone. The Muwekma Ohlone tribe has the patrimonial jurisdiction over the entire San Francisco. In 1991, they exercised their right of First Refusal. The Muwekma Ohlone tribe is interested in the watershed state of affairs in this area. If you have coal tar, that type of residue and contaminants, if you have hot spots of ammonia spill in the area, we want to know how you're going to do the cleanup, how you're going to do the abatement, how you're going to do the mitigation. He also worked at the Presidio of San Francisco, established the Infrastructure Group, Maintenance/Technical Support Group, the Real Estate and Property Management Group. It gave him a lot of experience. At the Presidio, we always made available to the public whatever documentation they wanted. The General Management Plan, the Environmental Impact Studies. In this case, it would be the Environmental Impact Report. The people of the area and the tribe would like all the documentation and be included. When the EIR to Hunter's Point was done, the tribe was left out. When the tribe wrote a letter to the planning team, to the Mayor's Office of Economic Development, then the other people dubious in nature apologized and tried to embrace the tribe. We don't want these wannabes who think about greenery and stuff like that; that's all good, but that's mundane. That's plastic. What we want to state categorically is this land was pristine. Somebody came and put some landfill or whatever. Let's do the right thing.

Corinne Woods, member of the Central Waterfront Advisory Group, Chair of the Mission Bay CAC, and wears various hats, indicated that before Toby Levine left town, she gave her a list of things to talk about, and of course she lost it. We had a very good process. Both the CWAG and the technical panel were very thorough. This was a very tough decision. Any one of these four groups could have handled this. She'd love to see some of the ideas that came out from the groups that didn't win incorporated into the plan because there were some exciting ideas that came out that could be a real benefit to Pier 70. Mr. Da Costa should understand that the environmental remediation

is well underway or at least the planning for it is well underway. The items on today's consent calendar approved some funding for it today. We're moving forward. Carol Bach tells her that they're working very well with PG&E on the problems coming from the Mirant Plant onto Pier 70. They're hoping to get the report from PG&E this spring. The entitlements are going to be tough, but they know how to do it.

Commissioner Crowley suggested to staff to reach out. The public trust and public benefits sector of the U.S. Department of Veterans Affairs are a very important group and perhaps could be incorporated as an end-user since it would bunch up next to UCSF and the biotech industry. We shouldn't forget our veterans and our veterans' administration in this if it could be used as an end-user. He asked to try to incorporate it in time.

Kathleen Diohep replied that we have met with them since the proposal, and they are working through their process out of federal looking for the alternative sites, what options they have to grow at Fort Miley, where they want to be. Our agreement was we'll keep talking to them. There's room for a lot of users at Pier 70.

Commissioner Crowley indicated that was his point. He knows they're not a water-site development group.

Kathleen Diohep commented that the Port Commission and staff express thanks and appreciation to the Central Waterfront Advisory Group and the Waterfront Site Evaluation Panel for their participation in and support of this effort. The Pier 70 Advisory Group was created in 2000 to help with the first Pier 70 RFP. It was thought of as a four-month project. It's like the Gilligan's Island three-hour cruise. A decade later, many of the same people are working with the Port on a regular basis to make sure we've got our ear to the ground, understanding what the community wants and we appreciate the effort and the stewardship from that group.

Commissioner Katz indicated that other than just echoing Corinne's comments as well as Commissioner Crowley's, there were some very good nuggets contained in all the proposals. She urged Forest City and their team to take a look at some of those and perhaps even meet with Corinne and others to get their sense of some of the points that were interesting and worth possibly taking a look at.

Commissioner Brandon indicated that she, too, echoes all the comments. Port staff, CWAG and the evaluation panel did a phenomenal job with this project because it has been ongoing for the past 10 years. She's had a lot of meetings in the last three or four years just to prepare the proposal and to get such a great response was wonderful. Everyone did a wonderful job, and thanked them all for putting the time and effort into it. She also thanked the other developers that submitted proposals because they were all very good

proposals. Any one of them could have done this. She congratulated Forest City for winning the competition at this point, and looks forward to the negotiations and the outcome and to the groundbreaking in 2014.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor; Resolution No. 11-21 was adopted.

- B. Request approval to enter into a First Amended Memorandum of Understanding ("Amended MOU") for Design Development with the San Francisco Department of Public Works (DPW) to extend the scope of work from Schematic Design through Design for the Pier 27 James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project"); and

Request approval to increase fees for the design contract with the joint venture of Kaplan, McLaughlin, Diaz and Pfau Long Architecture in the amount not to exceed \$1,950,161 to extend the Project scope of work from Schematic Design through Design Development, and seek an additional authorization for a ten percent contingency in the amount of \$195,016 in the event of necessary change orders; and for \$264,893 for retroactive design costs as described herein for a total contract authorization of \$2,410,070; and to extend the term of the Agreement to July 31, 2011 and;

Request approval for the Port staff to utilize the Integrated Project Delivery approach for the procurement of Project construction services; and authorize DPW to advertise for a Construction Manager/General Contractor for this purpose. (Resolution No. 11-22)

Dan Hodapp, Planning & Development, indicated that he will provide a brief update in the design process. Kim von Blohn from Engineering will provide some of the financial information about the MOU. Edgar Lopez of DPW will describe how the Port could proceed with an integrated project delivery approach for the project.

After entering into an MOU with DPW in early 2010, we went through several project phases. The first was a program development, developing a program statement that was completed a little over a year ago, that defined the square footages of all the elements required in a cruise terminal so we can get a grasp on it and start locating where the terminal is on the site.

From that, we entered into a concept design phase which was completed last July and was reviewed in front of the Commission at a public workshop and a variety of public meetings. We then went into a schematic design phase starting early this year and concluding in March, which was presented to the Commission on March 22, 2011. The resolution before the

Commission is requesting authorization to proceed with design development. Following that would be construction drawings, all before construction could begin sometime in early 2012, illustrating that there are a lot of points in the design process, and we are at a mid point in that process.

The design development phase is set up to bring greater clarity of the project, design and program alternatives and become informed about costs. All this should aid the Commission in making decisions about the terminal and its potential construction when environmental clearance is completed.

Last week, we met with the Cruise Terminal Steering Committee to review the schematic design that the Commission reviewed on March 22, 2011. We reviewed project components, adjustments to program elements and other features of the project and how the project may come into alignment with the budget. The steering committee was unanimously in support of the proposed adjustments to the project, which most significantly included leaving some of the baggage area uncovered as seen in the diagram where we would capture the baggage area within the footprint, but we would not actually construct a building over it in the meantime. It retains its program and its function, but not quite all of its amenity. Kim von Blohn will go into some of the other features that were done in order to help bring the project in alignment with its budget and still deliver a functioning cruise terminal we can be proud of.

The steering committee had one request, and that was to add a second elevator into the Phase 1 scheme, and that's to provide redundancy in a situation where elevators can fail at times. The design team is looking at that addition and trying to match it up with the budget numbers. Staff will return to the Commission in the future with whether or not that could be included in the budget that's being proposed at this point.

Our next steps of public outreach are design review with Waterfront Design Advisory Committee and BCDC's Design Review Board on May 9, 2011 at 6:30 p.m. at Pier 1. We're also setting up a workshop, probably June 8, 2011 at Pier 1. We will look at the cruise terminal in the Northeast Wharf Plaza and the concept and schematic design of those components of the project.

The project is also being reviewed as part of the EIR process and at numerous Citizen Advisory Committee meetings. Should the Commission approve the resolution today, the Commission will review the results, the design development phase in July or August, prior to beginning any construction drawings.

Kim von Blohn indicated that when staff presented the cruise terminal schematic design to the Commission in March, we didn't have the cost estimate completed nor had we finished the funding considerations. The cost and the funding available are noted in table 5 of the staff report. The base

case referred to is the schematic design as taken off by the cost estimator. The total cost excluding the America's Cup Event Authority obligations came out to \$106 million, which exceeded our funding source of \$78 million, leaving a \$28 million gap in our project. As a result, we went back through the design, performed value engineering to make sure we could remove some elements of the project that would still enable us to get to where we could afford to build it.

He showed a of a plan view of the facility. The bottom view is the ground floor, and the top view is the floor above it, the second floor. One of the factors in a cruise terminal is the layout of the baggage area. It's different from an airport. We've got conveyors bringing bags down in a small area. In the cruise terminal, they like to set the bags on the ground, and having 2600 to 4000 passengers means lots of luggages. They like to be able to do it in one shift if possible because it is more efficient to handle.

One of the previous recommendations from our steering committee had been to expand the baggage area to accommodate up to 4000 passengers. Unfortunately, the cost of that was significant, and one of our value-engineering programs was to find a way of reducing the area of the baggage and still maintain the function. The net effect of reducing the first-floor baggage areas, 13,000 square feet, saves the project \$4 million. The area shown within the red box would be maintained as an open baggage area and could be covered with tents or canopies during inclement weather.

On the second floor, there's an area of about 2700 square feet, which is also part of the value-engineering effort. The area in the green was reserved for later build-out way into the future when ships get bigger. The net effect is we would still have an 85,000 square foot enclosed terminal which meets our functional design of being able to handle 2600 passengers as a base design case and 4000 for the ultimate case.

We looked at the interior of the building and considered lighting doors, elevators, shutters, signage, seating, window shades and found about another million dollars in savings. We also looked at substituting asphalt for pavers in the ground-transportation area, the area between the terminal building and Pier 29. It would have been nice to have pavers there, but not necessary. They don't have them at the airport, so we can do without them here. The pavers saved another \$1.5 million. Finally, we looked at a different structural scheme for repairing the marginal wharf. The marginal wharf is a 50-foot swath just on the base side of the seawall that runs along the Embarcadero. Part of it was built in 1914, and part of it was built in 1965. We did some non-destructive testing of the concrete and piles and so far have found them to be suitable for a more advanced construction project that would save us another \$3.5 million.

Lastly, we looked at deferring some of the project costs from Phase 1 to Phase 2. Phase 1 is what we intend to deliver for the America's Cup, and that is the core and shell of the building that they can use for event space. At that time, we don't have to deliver the Northeast Wharf Plaza or the ground transportation area. In fact, there would be elements of the building not installed at that time such as the security systems.

With those changes, we're able to fully fund Phase 1, which is for the America's Cup, and reduce the shortfall of about \$12 million in Phase 2. As we progress on the design, we'll look at other ways to value engineering Phase 2 and also possibly defer some elements of that into the future.

With these changes to be implemented as part of the design development and in order to keep the project on schedule, Port staff proposes that the MOU with the Department of Public Works be amended to enable DPW to continue its role as project manager and also to have the design team continue in its role as architectural engineer for the next phase of the project.

These organizations have performed well. They've met our schedule and delivered the drawings and specifications as we required. In addition, Port staff proposes to utilize the integrated project delivery approach for the procurement and construction services. We request that the Port Commission authorize DPW to advertise for a construction manager/general contractor for this purpose.

Edger Lopez, Project Manager with the Department of Public Works, explained the project delivery method. Mr. Lopez acknowledged Cindy McGill, a project manager with DPW. She's been working very closely with the Port and helping to manage this project and advance the different work streams that we have associated with the project.

Most public projects in San Francisco are done the traditional way of design, bid and build. This method tends to work well for projects that are fairly straightforward. However, for projects that are more complex in nature, we have been using for the past few years a new delivery method that is called CM/GC, Construction Manager/General Contractor. DPW was successful in using this project in delivering the California Academy of Sciences. We're now using it in a number of projects including the San Francisco General Hospital, the SFPUC Headquarters, and the Veterans Building and the new police headquarters.

This method helps projects where there's a certain level of complexity because we hire the contractor during the design phase. The contractor is hired to provide constructability review. They look at the drawings that the design team is putting together. They help with the coordination. The coordination effort results in less change-orders during construction, which in turn results in savings to the project.

Chapter 6 of the City's Administrative Code prescribes the process for using this delivery method. It's a two-step process where we issue a request for qualifications. Contractors are screened and evaluated on a pass/fail basis. Those contractors who are deemed qualified are invited to respond to a request for proposals where we have prescriptive criteria for evaluating their proposals. 65 percent of the evaluation is based on cost and 35 percent is based on non-cost items, which include looking at their commitment to comply with the city's goals of the Human Rights Commission, complying with local hiring requirements, the quality of their staff, their approach to delivering the project and any savings that they might offer as part of their strategy for delivering the project.

Because we are working on an extremely aggressive deadline to deliver this project in time for the America's Cup, we wanted to highlight some of the provisions of the CM/GC contract because they contain a certain level of financial risk to the Port. We want to make sure that the Port Commission is aware of those.

Immediately after selecting the CM/GC contractor, we would be directing the contractor to provide pre-construction services. This is a period of time when the contractor oversees the completion of the construction documents, better coordination offers ideas that could save money to the project and those cost estimating to make sure we're tracking to our fixed-construction budget limit. They also began a process of prequalifying trade contractors. Every single trade is prequalified, and that enables us to make sure that when we put these contracts out to bid, we're awarding them to subcontractors who have the financial capabilities and knowhow to perform the work.

This pre-construction work is done prior to CEQA clearance. This is prior to completing the EIR. If the Port were to cancel this contract prior to the certification of the EIR, the money that is spent during those services would have spent money and get very little value if the project doesn't move forward. Those are about four months of services that the contractor would be providing, and they're estimated to be about \$300,000 to \$400,000.

The next phase of the CM/GC contract would be to allow the contractor to begin ordering long-lead items for certain specific trades such as steel and the curtain wall. This trade package is typically required anywhere from 14 to 16 weeks of lead time before fabrication begins. During those 14 to 16 weeks, subcontractors prepare what's called shop drawings, and they are in dialogue with our design team and validating the quantities that need to be ordered, working out construction details and so on.

If the project were not to clear CEQA and we've completed this phase, again, the Port would be at risk of having spent 7 to 8 percent of the construction cost for which we would get very little return. That's the level of pre-construction services that CM/GC would be performing. No construction

activities would take place prior to CEQA clearance. We would be embedding into the construction contract provisions to give the Port Commission the authority to cancel the contract at any time and making sure that we're not getting ourselves ahead of CEQA.

Commissioner Katz asked if the CM/GC approach has been successful in other projects and has it resulted in potential cost savings or elimination of delay damage claims at the end of the project.

Edger Lopez replied that it has helped on other projects. The Academy of Sciences is one of the projects where we used this delivery method. We finished on time and on budget. On SF General, we started construction in the middle of CM/GC services. The contractor has come up with hundreds of recommendations where we are saving money by doing better coordination and avoid expensive delays on the job. We're solving issues as we go along before starting fabrication and having the workers mobilize to the field.

Commissioner Katz asked if our risk would be potentially 7 percent or less of construction cost.

Edger Lopez replied that there are two levels of the CM/GC. The early part is where they're simply doing the cost estimating, the vetting of the documents. That's about four months of services. We estimate that it will cost anywhere from \$300,000 to \$400,000. The next phase is where we allow the contractor to begin the procurement of early trade packages. The worst-case scenario would be that if we don't clear CEQA and then the Port cancels the contract, we would have spent money on preparing those shop drawings and placing orders. That's worth about 7 to 8 percent of the construction contract.

ACTION: Commissioner Lazarus moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor; Resolution No. 11-22 was adopted.

10. MARITIME

A. Informational presentation on the Port's Maritime Industry Preservation Policy.

Peter Dailey, Deputy Director of Maritime, indicated that at the first Commission meeting of 2011, Commissioner Crowley asked Port staff to investigate the development of a Maritime Preservation Policy. This is an informational item of the first draft of the policy. Our plan will be to gain Commission's comments today and then present the proposed policy to the Port's advisory committees, particularly the MCAC and come back to the Commission soon for a vote and ratification of the policy

The San Francisco Architectural Heritage's Port City book says it best: "The Port of San Francisco is a complex entity that has always connected the waterfront to the larger city beyond. When we envision the Port we think first

of the berths of ships - the places where ships are loaded and unloaded.” As Kathleen Diohep of the Port Planning and Development eloquently put it “Ships are the essence of a Port.”

The Port of San Francisco is one of the most diverse and vital ports in the nation. The diversity of maritime industries along the San Francisco waterfront is unique; few other places in the world host the array of shipping, industrial, passenger, and recreational maritime activities all in one place. The Port has 148 years of rich maritime roots that gave birth to the city, and mirrors our Nation's history. San Francisco was the primary industrial port on the Pacific Coast for 100 years.

However shipping technology evolved and San Francisco's finger piers were deemed obsolete for their intended use ironically just about the same time that the State of California turned over control of the Port to the City.

It was out of concern for the protection of these maritime industries that San Franciscans called for creation of the landmark San Francisco Waterfront Land Use Plan, the official policy document of the San Francisco Port Commission.

The Waterfront Plan sets forth goals and policies to guide Port improvements that balance new development, public open space and maritime industry needs. Since its initial adoption of the Waterfront Plan in 1997, the Port Commission has approved amendments that focus more specific attention and direction for public access and waterfront open spaces, and architectural guidelines.

The Port Commission also has formally recognized San Francisco's rich maritime heritage through the approval of the Embarcadero Waterfront National Register Historic District, which preserves and protects the waterfront's iconic finger piers and historic buildings.

This maritime preservation policy is aimed at protecting our water dependent uses of the Port. Water-dependent activities are defined in the Waterfront Land Use Plan as “those which require access to water in order to function.”

This Maritime Industry Preservation Policy's intent is to provide formal, more specific policy direction for prioritizing maritime activities and assets, and measures to foster financial and other strategies to support current and long-term protection of valuable and limited deepwater berths, waterborne connections and maritime facilities.

The Port has reinvented itself in the past decades. While our days as a dominant cargo port have given way to mega container ships and 500 acre container terminals, we lead California in the number of passengers being transported across our docks either by excursion, ferry or cruise ship. We own the largest commercial floating drydock on the America's, are home to the region's harbor service companies including the SF Bar Pilots and the Marine Exchange. It looks like after decades of effort, we're so close to

building a world class cruise ship terminal at Pier 27. There's also a rumor that we're going to play host to the 34th America's cup.

The Maritime Industry Preservation Policy is proposed in recognition of the changes that have, and will continue to occur as the waterfront evolves to respond to industry changes and City needs. The draft Maritime Industry Preservation Policy includes the following seven points:

- 1) Encourage development and/or rehabilitation of Port assets that enhance current water-dependent commercial uses or designated Port Priority Areas.
- 2) Protect the Port's remaining natural deepwater berths for active maritime uses by requiring that such berths be utilized by vessels which leave the berth no less than once per week and by prohibiting use of such berths for use by static maritime museums, offices on vessels, lay-berthing of historic vessels, etc.
- 3) Promote Port development/historic rehabilitation projects that incorporate physical improvements to maritime deepwater berthing facilities, including associated needed repair or equipment requirements, and/or incorporate new or improved facilities specifically to support maritime industry activities.
- 4) Discourage the location of non-water dependent municipal or commercial uses/facilities, other than parks, on sites with waterfront access.
- 5) Maintain adequate water depth of current deep water berths to accommodate current and future Port maritime activities by prioritizing funding of minimum levels of dredging in the Port's capital plan.
- 6) When promoting marine recreational uses of the Port, minimize conflicts of current and future developments between ocean going vessels and said recreational uses.
- 7) Prioritize water dependent uses and not allow limits to standard operating periods for the purpose of accommodating adjacent non-maritime uses, public access or view corridors except as otherwise identified in the Port's Waterfront Land Use Plan.

Port staff also contemplates the creation of a Maritime Industry Preservation Fund. The purpose of the Fund is to create a new revenue source dedicated to repair, maintenance or improvement of berths and facilities to meet the Port's numerous maritime needs and obligations for generations to come. Before finalizing this Maritime Industry Preservation Policy, staff will work further with stakeholders to define funding options for this purpose. Such options include a development contribution for new development rehabilitation projects. The amount of such contribution would be offset for projects which preserve, renew and/or create new maritime assets in the Port's portfolio.

This Maritime Industry Preservation Policy is meant to guide Port staff, tenants and developers in the importance of maintaining the Port's long-held maritime assets for current and future maritime activity in accordance with the Port's and the City's long maritime history and the Port's perpetual maritime mission.

In closing, Peter Dailey read a quote in the book, *Port City*, published by San Francisco Architectural Heritage. In it Brian McWilliams, former Port Commissioner and labor leader articulates the position that we face in preserving and enhancing our water dependent industries.

"The tragedy for maritime use at the Port is that you can prevail over particular issues hundreds of times but you only get to lose once and then what you fought for is gone forever."

Hugh Vanderspek, General Manager for the shipyard in San Francisco, thanked the Commission for asking Port staff to put together this maritime preservation policy. It is another example of the forward thinking bent of the Port of San Francisco. In January, BAE shipyard drydocked the *Carnival Splendor* amid a cloud of media and an apparent trail of Spam and Pop-Tarts but the truth is, that ship could not have been docked in this port had it not been for the forward-thinking of the Port of San Francisco back in 2006 when they put together with BAE Systems and with Princess an agreement that allowed the expansion of drydock #2. Had we not put that together, that drydock would not have been able to lift that ship and provided jobs. That's the forward thinking that we're doing at the Port of San Francisco. We continue to work closely with the Port in an effort to maintain access to the shipyard, dredging and deep water to the shipyard. He appreciates the hard work and the effort that the Port staff has put into these challenges. He sees the Maritime Preservation Policy as another step in the process that we all must go through in order to assure a vital maritime industry at the Port of San Francisco. He applauds the Port and the Commission for their foresight in this policy and the continued efforts to preserve blue-collar work on the San Francisco Waterfront.

Francisco Da Costa indicated that one of the things he was interested in when he worked at the Presidio was history. He wrote a lot of articles on history. We have to remember that much before big ships came here, the Ohlone used tule reeds, and they boated from island to island, lots of abalone in the area. We need to connect the dots. We just can't start from the middle of nowhere. Start with the first people. Another aspect that the Commissioners should delve into, little has been done is the role of the Coast Guards and somebody like Captain Healy who used to go to Alaska and saved thousands and thousands of the Inuits. They were introduced to alcohol, and they were dying left, right and center. He introduced a reindeer that could eat some protein, and he saved the villagers. Another aspect that the Port must look at is much before the

Bay Bridge was built there was a connection between this area we call the Ferry Building, and our transportation. If you look at our San Francisco grid, you'll see that it all lends itself towards this direction. The main thing is that we have to learn to connect the dots, and we have to learn to be true to history so that future generations know what happened here. At one time they were the shipwrights. They built the ships. A lot of them were black. They came from Haiti. They built some of the best ships. These were the guys, even though they were people of color, they were embraced by kings and queens because at that time, anybody who could build a good ship, they could generate a lot of money. Because this area played an important role in the past and as Peter mentioned, we were not ready for the container ship industry; we lost it. We can regain it in other ways if we do creative financing and we think outside the box.

Paul Nixon, member of the Central Waterfront Advisory Committee since its inception more than 10 years ago, indicated that at the same time that the Central Waterfront Advisory Committee began, the people on that committee, the people who represented the human-powered boats, got together and came up with the idea of a human-powered boat water trail in San Francisco. That has now gone through the legislature. It has gone through processes that take years and years. Last month, a million dollars was given to the ABAG for the beginning process of setting up the water trail. This million dollars that was given to ABAG for what they call in the plan the non-motorized small boats, contains a lot of money for education. Point 6 that was mentioned in the policy had to do with ocean-going vessels and recreational vessels. As far as human-powered boats are concerned, a process is being set up with ABAG for education of boaters, kayakers, whale boaters and outrigger canoe people to help them understand better the needs of other vessels in the area. We've worked in the past with the Harbor Safety Committee on these same issues. We thoroughly endorse the ideas presented in this because we do need some education. The ocean-going vessels, the maritime industry needs some education in how these two things work. For example, what do you know about swimming from Candlestick Park to Aquatic Park? When would that be done, and would that be an interference with any shipping? He piloted one of those swims from Candlestick Park to Aquatic Park. They happen at about 6:00 in the morning, and there was not one boat out there. It was a Sunday morning. There was not one boat out there. The swimmers swam right under the Bay Bridge right in the middle. There are a lot of things that don't conflict. There's a lot of communication that should happen between these groups. He thoroughly endorses the policy. He totally agrees with Point 4 and 6 of the policy. He hopes the Commission goes along with this policy.

Commissioner Crowley indicated that the executive director and Peter Dailey did an absolutely wonderful job. They took the skeletal framework as outlined in January and with other Port staff, nailed it right on the

head of what kind of concept that at least from his vision of being a long-time San Franciscan born and raised, how proud he is of this moment and seeing this policy in writing. Port staff nailed it. Commissioner Crowley thanked the executive director and her staff.

Commissioner Lazarus indicated that for whatever reason, she was sort of fascinated with water taxi. Port staff has started to make a little bit of a dent in that, and it's her understanding that it's sort of a requirement of any future development that they incorporate a water taxi landing. She's not quite sure how encouraging that kind of transportation and use but it's not included in any one of the points enumerated in the policy. She thinks this is something we want to continue to do, and it's a little different from deep water and some of the other interpretations of maritime.

Peter Dailey replied that's a good point. The Port has entered into an agreement for a water taxi service that hopefully will commence early this summer or late this spring. The goal of the policy, and maybe it needs to be tweaked in this regard, is to encourage development and investment in maritime activities. We don't want to preclude water taxis or any other type of commercial use. We will weigh development opportunities going forward more heavily if they do promote maritime use as an investment. Water taxi can be articulated a little bit better in the policy.

Commissioner Katz commented that the whole plan sounds wonderful. She's very impressed and kudos to her colleague for his foresight and requesting such a measure. With regard to the second item in the policy about the prohibition on vessels or that vessels leave the berth no less than once a week, she asked if there will be something in the policy for exigent circumstances or as was noted.

Peter Dailey replied that the intent was we have a very limited number of what we call naturally deepwater berths that don't require dredging. We can literally count them on one hand. The concern was that by putting the static vessels there, that they would take those out of the inventory, and they're gone forever. Obviously, there would be some flexibility built under this that there will be no less than once-per-week issue. The idea was not to take up a deepwater berth forever for an office ferryboat, etc.

Commissioner Brandon commended Commissioner Crowley for requesting this policy. It's long overdue. She looks forward to the next revision.

11. NEW BUSINESS

12. PUBLIC COMMENT

Francisco Da Costa indicated that he will be coming to the Port Commission meetings perhaps every four months to see that things are more or less flowing. One of the reasons he does this is because he has a blog. He takes pictures; he writes. It's always good to come personally so that the people know that the person who was present is not just writing remote control, even though he can to it by watching the DVD.

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 4:57 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Ann Lazarus, Vice President
Francis X. Crowley, Commissioner
Leslie Katz, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax: 415-274-0412 Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

TUESDAY, APRIL 26, 2011

2:00 P.M. CLOSED SESSION

3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

04-21-11P04:05 RCVD

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES - April 12, 2011
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

APR 21 2011

- A. Vote on whether to hold closed session.

SAN FRANCISCO
PUBLIC LIBRARY

An Executive Session has been calendared to discuss the following matters:

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****
 - a. Property: Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330
Person Negotiating: Port: Jonathan Stern, Assistant Deputy

Director, Planning and Development, and Brad Benson, Special Projects Manager

*Negotiating Parties: America's Cup Event Authority, LLC:
Stephen Barclay, Craig Thompson and Patrick Jost

Under Negotiations: Price Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330.

- b. Property: Currently undesignated parcel(s) on Treasure Island/Yerba Buena Island subject to the public trust
Persons Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Rich Hillis, Office of Economic and Workforce Development, on behalf of the Treasure Island Development Authority (TIDA)

Under Negotiations: Price Terms of Payment X Both
The non-Port party identified above may seek to transfer one or more parcels on Treasure Island/Yerba Buena Island that are subject to the public trust to the Port following the transfer of former Naval Station Treasure Island from the United States Navy to TIDA. In this executive session, the Port intends to seek direction from the Commission on matters that may affect the conditions on which the Port would agree to such a transfer.

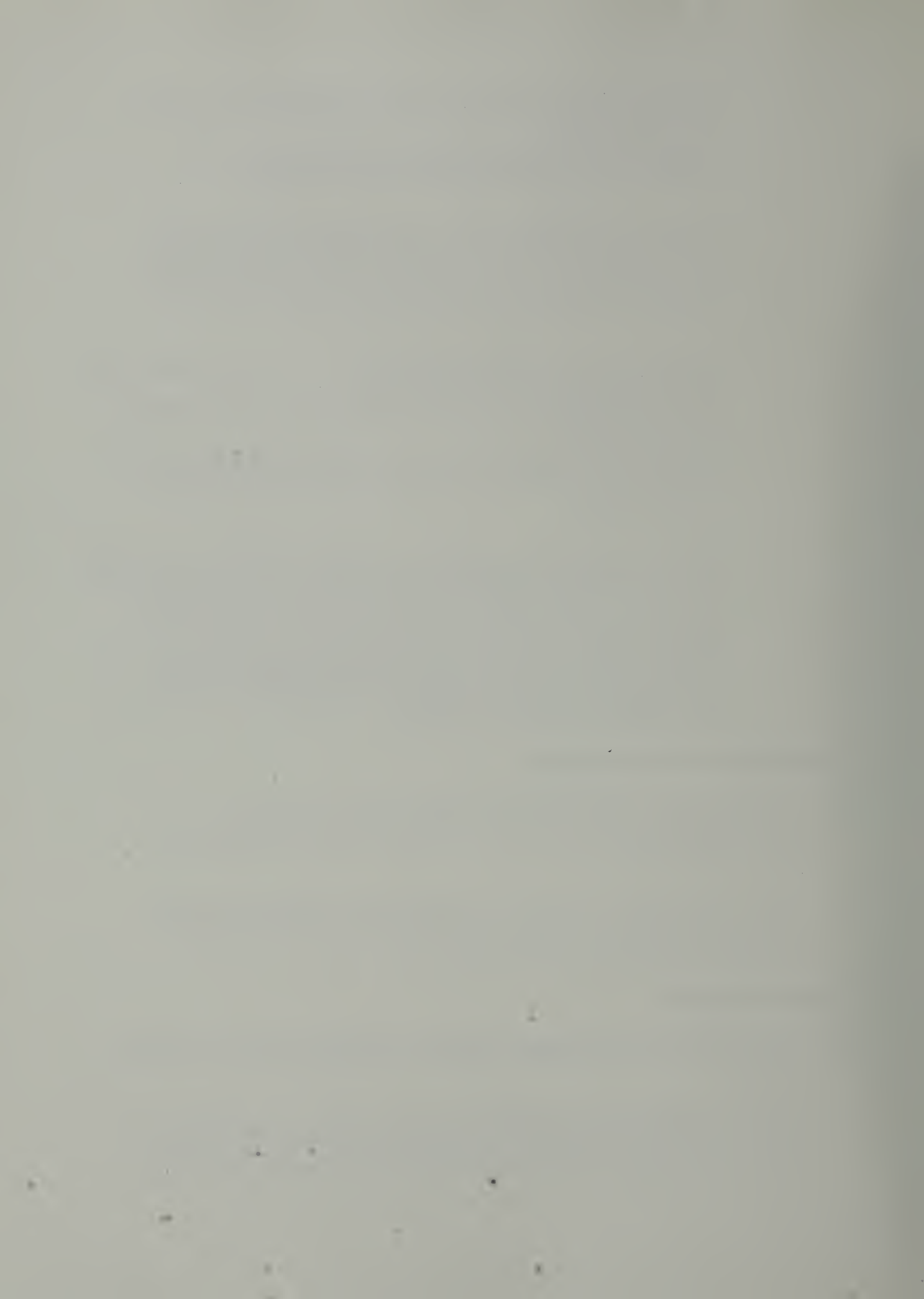
5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

- A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting



room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. CONSENT

- A. Request authorization to advertise for competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project. (Resolution No. 11-24)
- B. Request authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project, to Dutra Dredging Company, in the initial amount of \$4,000,000, and to increase the contract amount by 10% or \$400,000, in the event of unanticipated contingencies; and subject to available funding, and authorization to increase the contract amount to a sum not to exceed \$15,901,050, inclusive of a 10% contingency. (Resolution No. 11-25)
- C. Request authorization to award Construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project to Ferma Corporation, in an amount not to exceed \$1,579,450, and authorization for a 10% contingency of \$157,945. (Resolution No. 11-26)

8. PLANNING AND DEVELOPMENT

- A. Informational presentation of the Draft *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco.
- B. Informational presentation on the determination of Fiscal Feasibility for the James R. Herman Cruise Terminal at Pier 27 and Northeast Wharf Plaza Project.

9. NEW BUSINESS

10. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that

public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission Meeting, Subject to Change)

- Informational update on the Downtown San Francisco Ferry Terminal Expansion Project (May 10, 2011)
- Informational presentation on the Seawall Lot 337 development project (May 10, 2011)
- Request authorization to award, subject to the Board of Supervisors approval, a five-year lease for surface parking and special events between the Port of San Francisco and China Basin Ballpark Company, LLC, Lease No. L-14980 for Seawall Lot 337, Pier 48 and portions of Terry Francois Boulevard bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay (May 10, 2011)
- Request authorization to execute contract modification with Cochran, Inc. to extend substantial completion date by an additional 150 days, to March 30, 2011, for installation of a shoreside power system for cruise ships at Pier 27, Contract No. 2722 (May 10, 2011)
- Request authorization for the Executive Director to execute an Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) between the City & County of San Francisco and the Treasure Island Development Authority regarding the development of the former Naval Station Treasure Island, located on Yerba Buena and Treasure Islands (May 10, 2011)
- Request approval to accept and expend 2007, 2008 and 2009 Supplemental Federal Port Security Grant Program Funds (May 10, 2011)
- Request approval to designate an Authorized Agent to apply for and accept funds from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 and under the California Disaster Assistance Act (May 10, 2011)
- Request authorization to advertise for competitive bids for the construction of Heron's Head Park Improvement Project, Construction Contract No. 2749 (May 10, 2011)
- Informational Presentation on the Draft People Plan for the proposed 34th America's Cup Event (May 24, 2011)
- Informational hearing on City implementation of the Local Hire Program (May 24, 2011)
- Request approval of proposed application to amend the San Francisco Bay Conservation and Development Commission's Special Area Plan for the San Francisco waterfront for the James R. Herman Cruise Terminal at Pier 27 and the 34th America's Cup (May 24, 2011)
- Request authorization to advertise for competitive bids for the Pier 70, Building 113 Stabilization, Contract No. 2723 (May 24, 2011)
- Request authorization to advertise for competitive bids for the Pier 35 North Apron Improvements Project, Contract No. 2752 (May 24, 2011)
- Informational presentation on the Proposed Fiscal Year 2011-12 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 24, 2011)
- Request authorization to award Architectural and Engineering Consulting Services Contract for the Pier 70 Crane Cove Park Planning and Design, funded through the 2008 Proposition A, Clean and Safe Neighborhood Parks General Obligation Bond. (May 24, 2011)

- Accept the Port's Quarterly Contracting Activity Report for Fiscal Year 2010/2011 3rd Quarter (June 14, 2011)
- Request approval of professional services contract with Media Relations in preparation for the Port of San Francisco's 150th Anniversary in 2013 and in anticipation of the 34th America's Cup being held on San Francisco's waterfront in 2013 for Media Relations Services (June 14, 2011)
- Request approval of Lease L-14495 with Hornblower Yachts, Inc., a California Corporation, for a Term of Five Years with One Five-Year Renewal Option, for premises located at Pier 9 consisting of approximately 1,198 square feet of unimproved pier shed, 7,243 square feet of apron space and 24,470 square feet of submerged land (June 14, 2011)
- Request authorization to award Construction Contract No. 2744, Roundhouse 2 HVAC Central Plant Upgrade (June 14, 2011)
- Request authorization to advertise a Request for Proposals (RFP) Soliciting Consulting Services for the development of a Building Occupancy Resumption Program for several Port facilities funded through Security Grants (June 14, 2011)
- Request approval of contract award of the Construction Manager/General Contractor for the James R. Herman Cruise Terminal at Pier 27 and Northeast Wharf Plaza Project (June 14, 2011)
- Request approval of Second Amended MOU for Construction Drawings with San Francisco Department of Public Works to extend scope of work from Design Development to Construction Drawings for the James R. Herman Cruise Terminal at Pier 27 and Northeast Wharf Plaza Project (July 12, 2011)
- Request authorization to award Construction Contract No. 2745, Hyde Street Harbor Joint Operations and Security Building Project (July 12, 2011)
- Request authorization to advertise for competitive bids for the Amador Street Force Main Replacement Project, Contract No. 2748 (July 12, 2011)
- Request authorization to advertise for competitive bids for the Pier 50 Maintenance Storage Shed, Contract No. 2750 (July 12, 2011)
- Request authorization to advertise for competitive bids for the Brannan Street Wharf Project, Contract No. 2726 (July 12, 2011)
- Request authorization to advertise the James R. Herman Cruise Terminal Construction Contract Bid Package A - Site, Steel, Enclosure, Elevators (August 9, 2011)
- Request authorization to award Construction Contract No. 2749, Heron's Head Park Improvement Project (August 9, 2011)
- Request authorization to award Construction Contract No. 2723, Pier 70 Building 113 Stabilization (August 9, 2011)
- Request authorization to award Construction Contract No. 2752, Pier 35 North Apron Improvements Project (August 9, 2011)
- Request adoption of the first amendment to the 2010 Port Building Code (September 13, 2011)
- Request authorization to award Engineering Consulting Services contract for the development of a Building Occupancy Resumption Program for several Port facilities funded through Security Grants (September 13, 2011)

- Request authorization to advertise for competitive bids for the Pier 33 Bulkhead Building Improvements, Contract No. 2743 (September 13, 2011)
- Request authorization to award the James R. Herman Cruise Terminal Construction Contract Bid Package A (September 27, 2011)
- Request authorization to award Construction Contract No. 2748, Amador Street Force Main Replacement Project (October 11, 2011)
- Request authorization to award Construction Contract No. 2750, Pier 50 Maintenance Storage Shed (October 11, 2011)
- Request authorization to award Construction Contract No. 2726, Brannan Street Wharf Project (October 25, 2011)
- Request authorization to advertise for competitive bids for the Marine Structural Project IV, Contract No. 2754 (November 8, 2011)
- Request authorization to advertise James R. Herman Cruise Terminal Construction Contract Bid Package B - MEP& Finishes (November 8, 2011)
- Informational presentation on the CEQA findings and determination for the 34th America's Cup (November 8, 2011)
- Request authorization to advertise for competitive bids for the Tulare Park Improvements Project, Contract No. 2753 (December 13, 2011)
- Request authorization to award Construction Contract No. 2743, Pier 33 Bulkhead Building Improvements (December 13, 2011)
- Request authorization to award the James R. Herman Cruise Terminal Construction Contract Bid Package B (January 10, 2012)
- Request for authorization to award Construction Contract for Contract No. 2744, Roundhouse 2 Heating, Ventilation and Air Conditioning (HVAC) Systems Retrofit Project (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)
- Request approval of a ten-year lease (L-14956) with Paul Johnson, an individual, dba Monterey Fish, of approximately 10,210 square feet of shed space for fish processing and wholesale at Pier 33 (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM APRIL 8, 2011 TO APRIL 21, 2011

- From Port staff, advisory regarding Western Gull mortality on Port's Southern Waterfront

MAY/JUNE 2011

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
May 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 24	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
June 14	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis (the FOURTH MONDAY OF JANUARY AND THIRD MONDAYS IN APRIL, JULY, and OCTOBER), starting at 5:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Chris Rustom by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Rustom or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

April 21, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director *Moyer*

SUBJECT: Request authorization to advertise for competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

Port staff requests Port Commission authorization to advertise for competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project. This project will rehabilitate an existing warehouse building located at the north end of Hyde Street in the Fisherman's Wharf area into offices for the San Francisco Police Department Marine Unit, and the Port Fisherman's Wharf Harbormaster Offices. See Attachments 1 and 2.

Background

The existing metal sided warehouse building is circa 1962, and is located on the land side of the seawall adjacent to the Hyde Street Harbor. The building is known as the Blue Shed Building, and was originally used as a machine shop and later converted to a fish processing facility. As part of the Hyde Street Harbor Improvements Project in 2001, the building was modified to provide amenities for local and visiting commercial fishermen and boaters which included public restrooms with showers, storage areas for oil, waste oil disposal, oil clean up equipment, and bilge pumps. In addition to these public amenities, the building is also used for storage by the San Francisco Police Department Marine Unit (SFPDMU), and ad-hoc office space for the Fisherman's Wharf Harbormaster.

This Print Covers Calendar Item No. 7A

The SFPDMU also has a temporary office trailer in the adjacent parking lot to meet their office space needs with the patrol boats located at the adjacent Hyde Street Harbor. The Fisherman's Wharf Harbormaster office is currently located on the second floor in a building on Fish Alley which is not compliant with the accessibility requirements.

The Blue Shed Building is currently in poor condition and does not meet the needs of all the users. The goal of this building rehabilitation project will be to accommodate the SFPDMU offices and storage, the Harbormaster offices, and the current above listed amenities and equipment for the Hyde Street Harbor and Fuel Dock in a building that will meet current energy, structural and fire safety, accessibility and security requirements.

Project Description

Port staff has prepared all architectural and structural construction documents required for this project. The Department of Public Works (DPW), Bureau of Engineering prepared the mechanical, electrical and plumbing construction documents. The Hyde Street Harbor Joint Operations and Security Building Project scope includes removal of items that will not be re-used including existing metal wall and roof envelope materials, interior walls, electrical and plumbing fixtures and the concrete topping slab. Hazardous material abatement will be performed prior to construction by DPW staff. The structural steel and selective equipment, panels and pumps will be re-furnished and re-used in place. The rehabilitation will provide a new building envelope constructed of materials that will be compatible with the architectural character of the surrounding Fish Alley and Hyde Street Pier area and new energy compliant mechanical, electrical and plumbing equipment and fixtures. The building's new facade will express strength and permanency representative of the building's use. The project scope will also include minor site work to improve the open spaces and function of the building.

The interior improvements will include new public restrooms with showers and drinking fountain, Harbormaster offices, SFPDMU offices and equipment storage, a shared break room and two meeting rooms, one for each user. The waste oil equipment will be protected in its current location for re-use, and the oil clean-up material storage will be placed in a new location.

The building will not be occupied during the construction. A temporary plywood construction barrier will be provided around the building construction area. The Port will secure a project liaison to communicate with neighboring tenants regarding the monitoring of construction noise and dust. The existing access path to the adjacent Fuel Dock and the Hyde Street Harbor will be maintained during construction. The SFPDMU will continue operations at the harbor during construction and are currently being relocated to nearby office space by Port Real Estate staff.



Bids will be advertised to reach contractors through the following methods:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port website
- City and County of San Francisco purchasing website
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Local newspapers (SF Examiner and Small Business Exchange)

In the solicitation of bids for this project, Port staff will follow the San Francisco Human Rights Commission (HRC) bidding procedures and requirements. The Human Rights Commission has reviewed the project scope and recommended a 25% subcontracting goal for Local Business Enterprises (LBE) in the solicitation of bids.

Regulatory Approvals

The project is currently under review by the San Francisco Planning Department for compliance with the California Environmental Quality Act (CEQA). The San Francisco Bay Conservation and Development Commission (BCDC) is also reviewing for compliance with BCDC requirements. The project requirements are agreed upon with these two regulators, and approvals are pending the issuance of the environmental determination and the amended BCDC permit. The project construction contract will not be awarded prior to the receipt of the CEQA determination and BCDC permits. Because the project proposes no construction within the Bay, U.S. Army Corps of Engineers' review is not required. Further, the rehabilitation work will disturb less than 50 cubic yards of soil, and therefore oversight by the Health Code 22A (aka Maher) is not required.

Funding

The total estimated construction cost for this project is \$1,975,000 which includes a 10% contingency.

Title	Amount
Engineer's Estimate	\$1,750,000
10% Project Contingency	\$175,000
\$1,975,000	

The estimated project cost, and the 10% contingency are fully funded by multiple State Grants, obtained by Port Homeland Security, designated for security construction and improvements. The funding sources are as follows:

- CPO 158, designated for security fencing
- CPO 159, designated for security lighting

- CPO 166, a state grant fund designated for rehabilitation for the Hyde Street Harbor Joint Operations and Security Building to house the SFPDMU and Harbormaster Offices
- CPO 783, a Port of San Francisco Capital Fund also designated for the Hyde Street Harbor Joint Operations and Security Building to house the SFPDMU and Harbormaster Offices

The allocation from each fund will be determined once the project bid is complete.

Schedule

The project is scheduled to start construction in Fall of 2011, and the anticipated completion date is Spring of 2012.

The following is the anticipated project schedule:

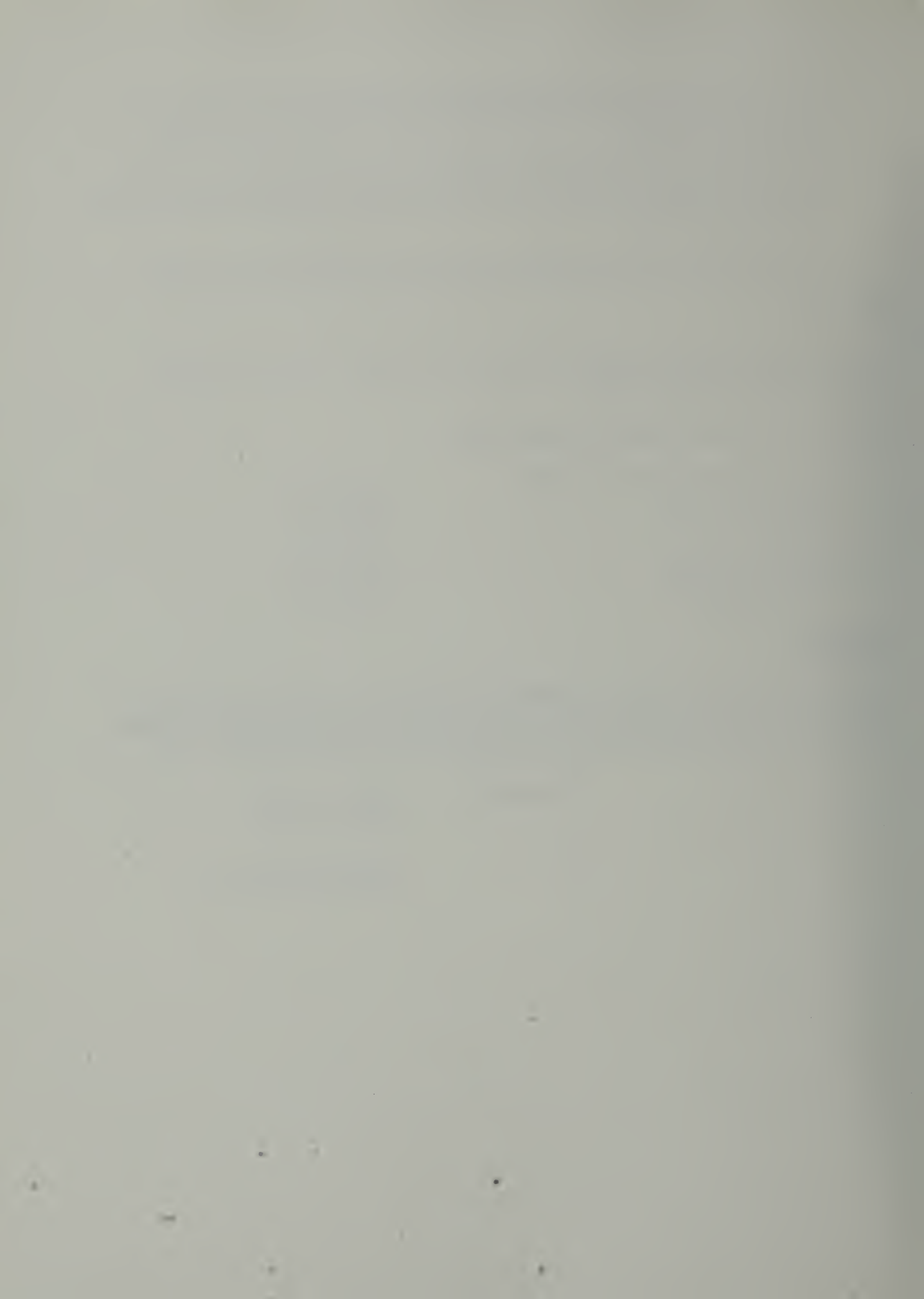
Commission Approval to Advertise	April 26, 2011
Advertise for Bids	May, 2011
Bids Due	June, 2011
Award of Contract	July, 2011
Notice to Proceed	August, 2011
Final Completion	April, 2012

Summary

Port staff is prepared to seek competitive bids for this project. Therefore, Port staff requests Port Commission authorization to advertise for competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project.

Prepared by: Wendy Proctor
Project Architect

For: Edward F. Byrne
Chief Harbor Engineer



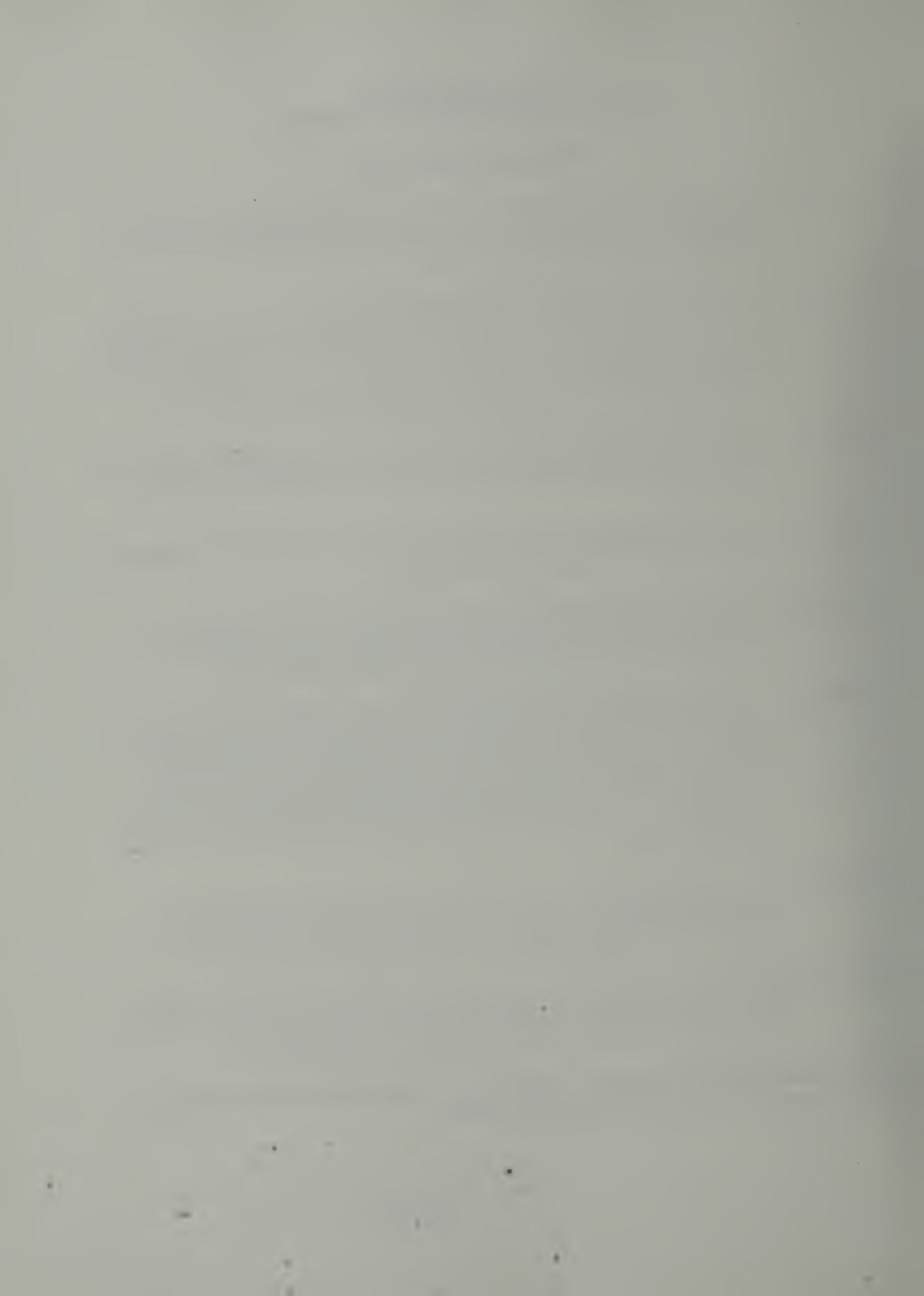
**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-24

- WHEREAS, Port staff seek authorization to obtain competitive bids for construction Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project (the "Project"); and
- WHEREAS, the construction Project will rehabilitate the existing warehouse building to provide office facilities for the San Francisco Police Department Marine Unit, and Port of San Francisco Fisherman's Wharf Harbormaster Offices, and will continue to provide the amenities which serve the local and visiting boaters, Fuel Dock, and the Hyde Street Harbor; and
- WHEREAS, Port staff and Department of Public Works (DPW), Bureau of Engineering staff have completed construction drawings and specifications for the Project; and
- WHEREAS, the current estimated project cost is \$1,750,000, and the 10% contingency is \$175,000 for a total of \$1,975,000; and
- WHEREAS, the current estimated Project cost, including the 10% contingency is fully funded by proceeds from State Grants CPO 158, 159, 166 and 783 designated for the building and security improvements; and
- WHEREAS, the Project is currently under review by the San Francisco Planning Department, for compliance with the California Environmental Quality Act (CEQA), and the San Francisco Bay Conservation and Development Commission (BCDC); and U.S. Army Corps of Engineers' review and oversight by the Health Code 22A (aka Maher) is not required; and Port staff anticipates that all required approvals and permit will be secured by May 1, 2011; and
- WHEREAS, Port staff will incorporate the subcontracting goal for Local Business Enterprises (LBEs) as recommended by the Human Rights Commission (HRC), in the solicitation of bids for this Project; now, therefore be it
- RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 26, 2011.

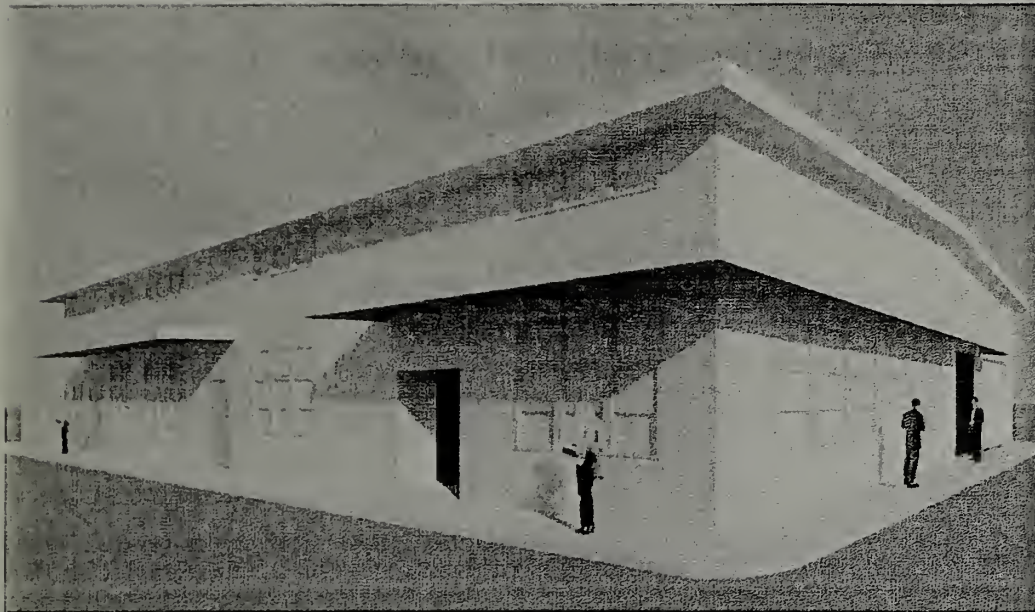
Secretary





Attachment 1
Project Location Map

Contract 2745
Hyde Street Harbor Joint Operations and Security Building Project



Perspective View of Proposed Rehabilitation to Hyde Street Harbor, Joint Operations and Security Building



Existing "Blue Shed" Warehouse Building

Attachment 2

Proposed Rehabilitation and Existing Views

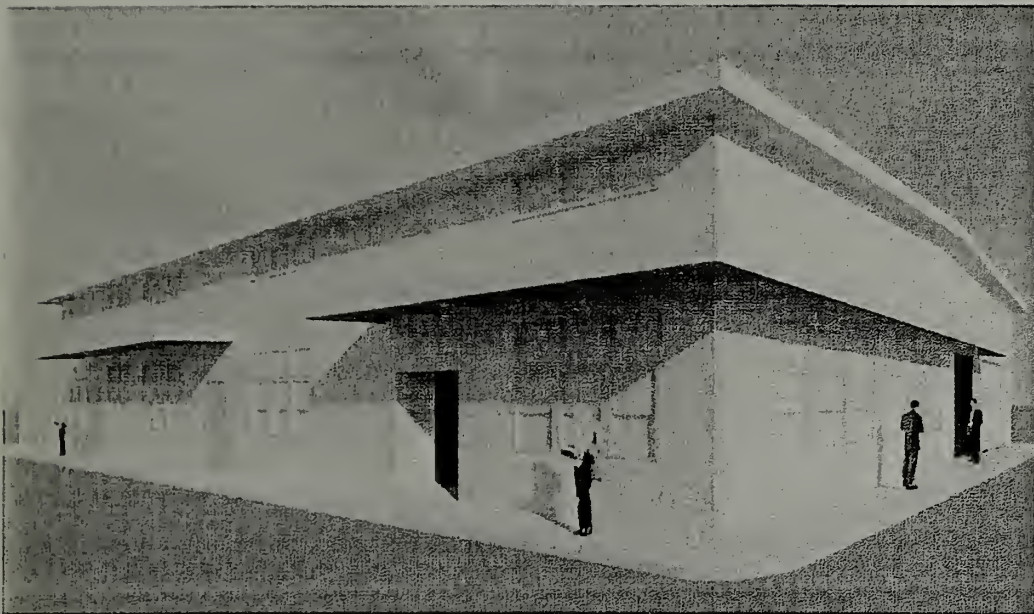
Contract 2745

Hyde Street Harbor Joint Operations and Security Building Project



Attachment 1 **Project Location Map**

Contract 2745
 Hyde Street Harbor Joint Operations and Security Building Project



Perspective View of Proposed Rehabilitation to Hyde Street Harbor, Joint Operations and Security Building



Existing "Blue Shed" Warehouse Building

Attachment 2

Proposed Rehabilitation and Existing Views

Contract 2745

Hyde Street Harbor Joint Operations and Security Building Project



MEMORANDUM

April 21, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director *M Moyer*

SUBJECT: Request for authorization to Award Construction Contract No. 2746, Five Year Maintenance Dredging Project, to Dutra Dredging Company, in the initial amount of \$4,000,000, and to increase the contract amount by 10% or \$400,000, in the event of unanticipated contingencies; and subject to available funding, and authorization to increase the contract amount to a sum not to exceed \$15,901,050, inclusive of a 10% contingency

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff requests that the Port Commission authorize the award of Construction Contract No. 2746, Five Year Maintenance Dredging Project (the "Project"), to Dutra Dredging Company, the sole responsive and responsible bidder. The Project provides for dredging at sites along the San Francisco waterfront from calendar Year 2011 through calendar Year 2015. The dredging is necessary to maintain the depths required by vessels that support the Port's maritime business.

Background

The Port Commission, at its meeting on September 28, 2010, authorized staff to advertise for bids for this Project (Port Commission Resolution 10-67). The Human Rights Commission ("HRC") staff recommended a Local Business Enterprise ("LBE") subcontracting goal of 3% for this contract.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

The solicitation of bids was advertised to reach the contractor market through the following channels:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Engineering division's list of contractors
- Port Website
- City and County of San Francisco Office of Contract Administration's Website
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Examiner and Small Business Exchange)

The engineer's estimate is \$14,000,000 for the Project. On March 28, 2011, Port staff received only one bid for this Project, from Dutra Dredging Company. A summary of the bid is attached. Dutra Dredging Company's bid is \$14,455,500, 3.25% higher than the engineer's estimate.

Dutra Dredging Company's bid includes LBE subcontractor participation of 4.2%, which exceeds the HRC LBE goal. Port Engineering staff and the Human Rights Commission ("HRC") staff reviewed the bid and determined that Dutra Dredging Company is the sole responsive responsible bidder.

The Project is a five year contract, and consists of approximately ten dredge events. Each dredge event includes a separate mobilization, and may require dredging and disposal of material from one or more dredge sites. At the time of bid solicitation, staff recognized that available dredging funds were not sufficient to award the contract for the entire quantity of work over the five year period. Staff therefore intends to award the contract for the initial amount of \$4,000,000. The first dredging event will be at Pier 35 and Pier 27 in summer 2011. A tentative dredging schedule from year 2011 to 2015 is attached.

If awarded as proposed, the contract will be modified in the future, after the Port Commission approves the Port's capital plan in each fiscal year 2012 through 2015, and thereby making available additional funding to accomplish the required dredging. Future contract modifications will be based upon the unit prices contained in the contractor's bid, to increase the amount to a sum not to exceed \$15,901,050. (Dutra Dredging Company's bid of \$14,455,500 and 10% (or \$1,445,550) for unforeseen contingencies).

Funding

The initial contract amount will be based upon, and funded from, the Port capital fund for dredging, as follows:

CPO 625, Cargo Maintenance Dredging	\$4,178,000
Rolled over to CPO 625 from the previous dredging Contract 2706	<u>\$ 403,000</u>
Total Available Funds	\$4,581,000

The balance of unobligated funds in CPO625 will be reserved for future dredging and/or used as necessary for dredging construction oversight, hydrographic surveys, or similar third-party services required in direct support of the dredging program.



REGULATORY PERMITS

Dredging in San Francisco Bay requires permits from the U.S. Army Corps of Engineers, the San Francisco Bay Conservation and Development Commission (BCDC), and the San Francisco Bay Regional Water Quality Control Board, as well as input from additional State and Federal agencies. Permitting by the various agencies is coordinated under the Dredged Materials Management Office (DMMO). All required regulatory permits have been secured.

Schedule

The estimated Project schedule is summarized below:

Milestone Activity	Date
Commission Award	April 26, 2011
Estimated Notice to Proceed (NTP)	June, 2011
Estimated Substantial Completion	December, 2015
Estimated Final Completion	March, 2016

Summary

Port Staff recommends that the Port Commission authorize the award of this contract to Dutra Dredging Company, the sole responsive responsible bidder, for an initial amount of \$4,000,000, and to increase the contract amount by 10% or \$400,000, in the event of unanticipated contingencies. Staff also seeks authorization to modify the contract, as additional funding becomes available. Such contract modifications shall be based upon the unit prices contained in the contractor's bid, thereby permitting a modified contract price to a sum not to exceed \$15,901,050, inclusive of a 10% contingency.

Staff also recommends the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu, Project Engineer
Jay A. Ach, Dredging Program Manager

For: Edward F. Byrne, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-25

- WHEREAS, the Port Commission previously authorized the advertisement of the construction contract No. 2746, Five Year Maintenance Dredging Project (the "Project"), at its meeting on September 28, 2010; and
- WHEREAS, Port staff received one bid for the Project from Dutra Dredging Company on March 28, 2011; and
- WHEREAS, Port Engineering staff and the Human Rights Commission ("HRC") staff reviewed the bid and determined that Dutra Dredging Company is the sole responsive, responsible bidder for the Project; and
- WHEREAS, Dutra Dredging Company's total bid price is \$14,455,500; and
- WHEREAS, Dutra Dredging Company's Bid includes Local Business Enterprise ("LBE") subcontractor participation of 4.2%, which satisfies the 3% subcontracting goal for LBEs, as recommended by the HRC; and
- WHEREAS, the Project is a five year contract, and consists of approximately ten dredge events; and
- WHEREAS, each dredge event includes a separate mobilization, and may require dredging and disposal of material from one or more dredge sites; and
- WHEREAS, a tentative dredging schedule from year 2011 to 2015 is attached to the Staff Memorandum accompanying this Resolution; and
- WHEREAS, at the time of bid solicitation, available dredging funds are not sufficient to award a contract for the entire quantity of estimated dredge material, and therefore staff recommend awarding the contract for the initial amount of \$4,000,000; and
- WHEREAS, staff recommend that, after the initial contract award, the contract amount will be increased through contract modification in the future, after the Port Commission approves the Port's capital plan in each fiscal year 2012 through 2015, thereby making available additional funding to accomplish the required dredging in successive years; and
- WHEREAS, all required regulatory permits have been secured; now, therefore be it
- RESOLVED, that the Port Commission hereby authorizes the award of the Maintenance Dredging Project, Contract No. 2746, to Dutra Dredging Company for the initial amount of \$4,000,000; and be it further

RESOLVED, that the Port Commission hereby authorizes Port Staff to increase the contract by an additional 10% contingency, or \$400,000 corresponding to the initial contract award, for unforeseen contingencies; and be it further

RESOLVED, that the Port Commission hereby authorizes staff to modify the contract to a sum not to exceed \$15,901,050, inclusive of a 10% contingency as additional funding becomes available, and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 26, 2011.

Secretary

B I D T A B U L A T I O N

BID OPENING DATE	03/28/11 IN PIER 1, SAN FRANCISCO
CONTRACT NUMBER	2746
LOCATION	MAINTENANCE DREDGING 2011 - 2015

LBE GOAL:	03%	SUBSTANTIAL COMPLETION BY:	12/31/2015
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NUMBER OF BIDDERS:	01	ESTIMATE:	14,000,000	LOW BID AMOUNT UNDER:	14,455,500.00	PERCENT UNDER EST:	3.25%
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BID RANK	BASE BID	BIDDER ID	BIDDER INFORMATION
1	14,455,500.00	1	DUTRA DREDGING COMPANY 2350 KERNER BOULEVARD, SUITE 200 SAN RAFAEL, CA 94901 PHN 415 258-6576 FAX 415 459-3295 Email hstewart@dutragroup.com

TENTATIVE SCHEDULE 2011-2015

Facility	Dredge Depth (- ft MLLW)	2011 Spring Early Summer				2011/2012				2012/2013				2013/2014				2014/2015			
		SFDODS	SF-11	HWRP/ MWP	Upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland
FWWAP	Varies																				
Hyde Street Harbor	-14																				
Pier 35 West	-30	15,000				15,000				15,000				15,000				15,000			
Pier 35 East	-35	35,000				35,000				35,000				35,000				35,000			
Pier 27	-35	64,000	25,000																		
Pier 80A	-40									10,000				40,000				40,000			
Pier 80B	-40																				
Pier 80C	-40																				
Pier 80D	-35																				
Islais Creek Inner Channel	-40																				
Pier 92	-35																				
Islais Creek Outer Channel	-40																				
Islais Creek Approach	-40																				
Pier 94	-40																				
Pier 96	-40																				
Total Volume		114,000	25,000	0	0	50,000	118,617	40,000	5,000	60,000	54,000	15,000	9,000	50,000	55,000	15,000	9,000	50,000	118,617	40,000	5,000

EXHIBIT A



MEMORANDUM

April 21, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director *M Moyer*

SUBJECT: Request for Authorization to Award Construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project to Ferma Corporation, in an amount not to exceed \$1,579,450, and authorization for a 10% contingency of \$157,945

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff requests that the Port Commission authorize the award of Construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project (the "Project"), to Ferma Corporation, the lowest responsive, responsible bidder. The Project scope includes demolition, excavation and removal of existing unstable structures and debris, stabilization of the existing seawall, and rebuilding a stable shoreline slope with riprap for wave protection. The Project will rebuild approximately 1,200 linear feet of bay shore and slope from Pier 54 to Agua Vista Park. Bids for this combined work were solicited as the "Base Bid" along with two pieces of additional work, Alternatives No. 1, installing a temporary pedestrian asphalt pathway, and No. 2, removing the existing chain link fence surrounding the project site. A site map of the Project area is attached.

Background

The Port Commission, at its meeting on May 11, 2010, authorized staff to advertise the Project for bids (Port Commission Resolution 10-22). The Human Rights Commission (HRC) staff reviewed the project scope and recommended a 20% subcontracting goal for Local Business Enterprise participation.

The engineer's estimate for the Project is \$1,750,000. On March 16, 2011, Port staff received six bids for the Project. A summary of the bids is attached.

THIS PRINT COVERS CALENDAR ITEM NO. 7C

Azul Works Inc ("Azul"), the apparent second low bidder, submitted a base bid price of \$1,713,624. HRC staff reviewed the bid and determined Azul is a qualified Small-LBE or Micro-LBE, and qualified for a 10% bid discount, per City Administrative Code Chapter 14B. Azul's adjusted bid, incorporating the discount, is \$1,542,261, making it the lowest. However, upon a check of referenced projects, Port staff determined that Azul's bid did not meet the project experience requirements, and, therefore, the bid is nonresponsive pursuant to the bid solicitation. On March 31, 2011, the Port's Chief Harbor Engineer issued a letter to notify Azul that: (1) it did not meet the experience qualification requirements; (2) Azul's bid is therefore deemed nonresponsive; and (3) Azul may appeal such decision within five business days. Port staff did not receive an appeal from Azul.

Ferma Corporation ("Ferma"), is the apparent lowest responsive bidder, with a base bid price of \$1,543,624. HRC staff reviewed the bid and determined Ferma is responsive, per City Administrative Code Chapter 14B. Ferma's Base Bid includes Local Business Enterprise ("LBE") subcontractor participation of 28%, which satisfies the 20% subcontracting goal for LBEs, as recommended by the HRC. Port Engineering staff reviewed the bid and referenced projects and determined that Ferma is the lowest responsive, responsible bidder. Ferma's total bid price of base bid plus two alternate bid items is \$1,579,450, which is 11% lower than the engineer's estimate. Therefore, Ferma is the lowest responsible, responsive bidder and is eligible for award of the contract for the Project.

Port staff recommends including two alternate bid items to the contract. Alternate No. 1 is to install a temporary pedestrian asphalt pathway along the new improved shoreline until Bayfront Park is built as part of the Mission Bay project. Alternate No. 2 is to remove and dispose of the existing chain link fence surrounding the project site.

Funding

The Project will be funded by proceeds of the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (the "2008 GO Bonds"), which was passed by San Francisco voters on February 5, 2008. The 2008 GO Bonds identified a total funding amount of \$2,950,000 for the Mission Bay Shoreline Protection Project for Bayfront Park. This contract with Ferma will construct the shoreline improvements. The amount of this contract, including the Base Bid, Alternates No.1 and No 2 and contingency, is \$1,737,395.

The following is a breakdown of the estimated costs for this Project:

\$ 390,529	Coast & Harbor Engineering design and engineering services
\$1,737,395	Contract No. 2732R construction cost, including 10% contingency
\$ 38,029	Abatement and demolition of existing abandoned structures within the project site. (This portion of work was completed in June 2010 by the Department of Public Works)
<u>\$ 250,000</u>	Estimated construction management cost. The management will be performed by the Department of Public Works.
\$2,415,953	Total required funding

REGULATORY PERMITS

A Mitigated Negative Declaration, consistent with the California Environmental Quality Act ("CEQA"), was adopted in October 2009 by the San Francisco Planning Department. The Project received a permit from the San Francisco Bay Conservation and Development Commission ("BCDC") as a part of the larger Mission Bay Plan project. Port staff is currently processing the permit from the U.S. Army Corps of Engineers. The San Francisco Regional Water Quality Control Board permit was received on March 2, 2011. The Project will comply with soil management requirements set forth in the Mission Bay Risk Management Plan and Article 22A of the San Francisco Health Code ("Maher ordinance"). Port staff received the soil management approvals from the San Francisco Department of Public Health on September 22, 2010.

Schedule

The estimated Project schedule is summarized below:

Milestone Activity	Date
Commission Award	April 26, 2011
Estimated Notice to Proceed (NTP)	May, 2011
Estimated Substantial Completion	November, 2011
Estimated Final Completion	December, 2011

Summary

Port staff recommends that the Port Commission authorize the award of construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project to Ferma Corporation, the lowest responsive, responsible bidder, for an amount not to exceed \$1,579,450, and also authorize staff to increase the contract amount, if needed, for unanticipated contingencies, by an additional 10% (or \$157,945) through contract modification or change order for a total of \$1,737,395. Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by:

Ken Chu
Project Engineer

For:

Edward F. Byrne
Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 11-26

WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Mission Bay Shoreline Protection for Bayfront Park Project, Contract No. 2732R, (the "Project"), at its meeting on May 11, 2010; and

WHEREAS, Port staff received six bids on March 16, 2011; and

WHEREAS, Port Engineering staff and the Human Rights Commission ("HRC") staff reviewed the six bids and determined that Ferma Corporation ("Ferma") is the lowest responsive, responsible bidder for the Project; and

WHEREAS, Ferma's total bid price is \$1,579,450, including alternate bid items; and

WHEREAS, Ferma's Base Bid includes Local Business Enterprise ("LBE") subcontractor participation of 28%, which satisfies the 20% subcontracting goal for LBEs, as recommended by the HRC; and

WHEREAS, the funds available from the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (the "2008 GO Bonds") will fully fund the Project cost and contract contingency based upon the total bid price; and

WHEREAS, all required regulatory permits have been secured; now, therefore be it

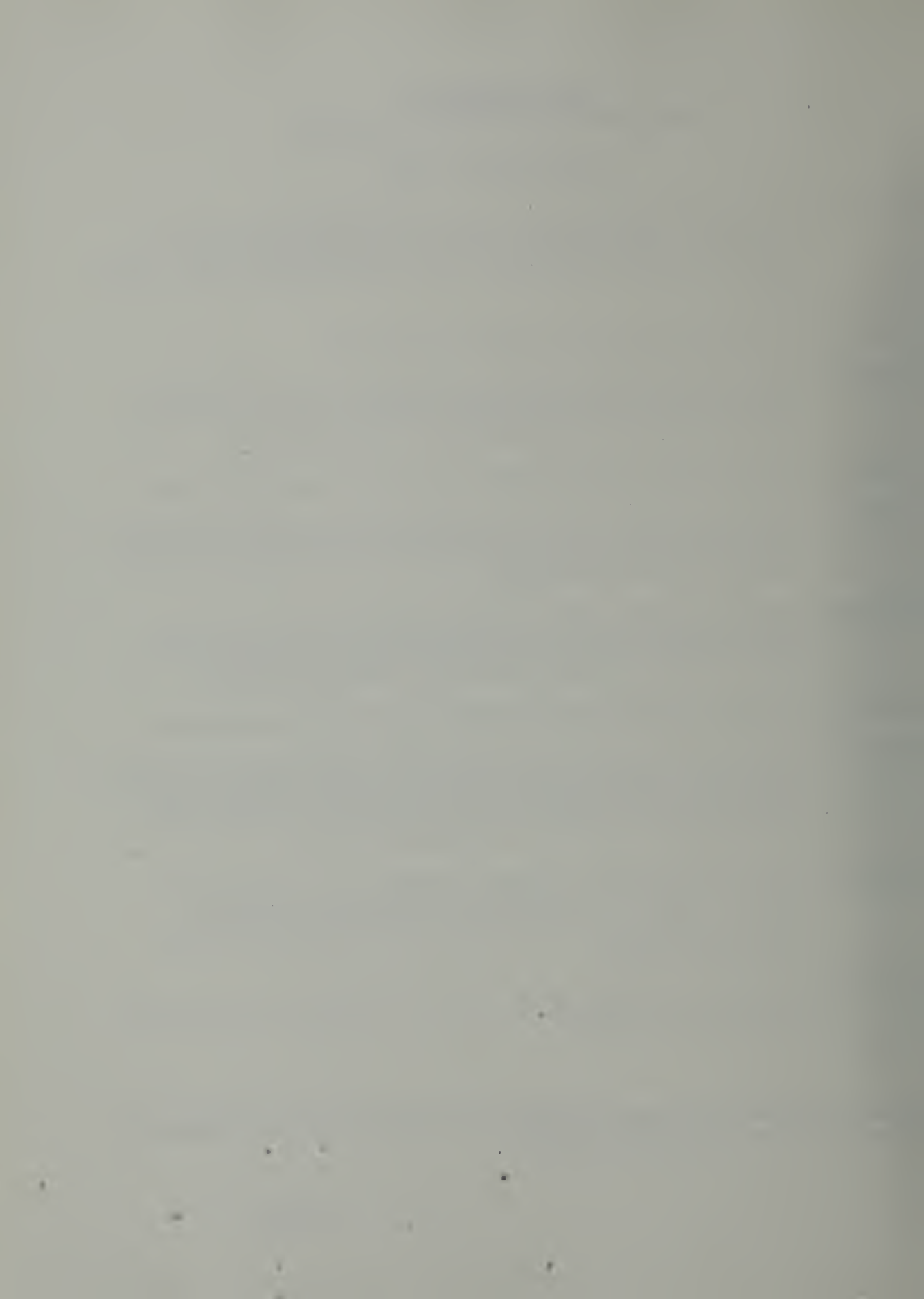
RESOLVED, that the Port Commission hereby authorizes Port staff to award Construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project to Ferma Corporation, the lowest responsive, responsible bidder, for the not-to-exceed amount of \$1,579,450; and be it further

RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, if needed, for unanticipated contingencies, by an additional \$157,945 (10% of \$1,579,450) through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 26, 2011.

Secretary



PER 34



SEE SHEETS 1 & 8

SEE SHEETS 5 & 9

SEE SHEETS 6 & 10

SEE SHEETS 7 & 11



GENERAL CONSTRUCTION NOTES:

1. ALL EXISTING BUILDINGS WILL BE REMOVED BY THE CONTRACTOR PRIOR TO CONSTRUCTION.
2. CONTRACTOR SHALL BE LIMITED TO THE EXISTING GATES. ANY CHANGES TO EXISTING GATES SHALL BE APPROVED BY THE CONTRACTOR.
3. LANDMARK ALONG WITH IS THE EXISTING FENCE ALONG TERRY A. FRANCISCO BLVD.
4. EXCAVATION & DEMOLITION
CONDUCT EXCAVATION AND DEMOLITION WORK TO THE LINES AND GRADES SHOWN ON THE PLANS.
5. MATERIALS OBTAINED FROM EXCAVATION AND DEMOLITION WORK SHALL BE DISPOSED OFFSITE EXCEPT FOR THOSE THAT ARE RECYCLABLE AND CONCRETE AGGREGATE SUBBASE.
6. EXCAVATION SHALL BE CONDUCTED IN ACCORDANCE WITH REGULATIONS OF THE 1926 SUBPART P EXCAVATION. SAFETY REGULATIONS FOR SLOPING OF EXCAVATION, SOLE SLOPES AND FOR USING SHORINGS, BRACING AND OTHER SAFETY MEASURES WHILE PERFORMING THE EXCAVATION WORK.
7. SLOPPING SHALL BE LOCATED A SUFFICIENT DISTANCE FROM OPEN EXCAVATION PER OSHA REGULATIONS.
8. MATERIALS SHALL NOT BE RECYCLED OR REUSE. THE PROPERTY OF THE CONTRACTOR AND DISPOSED OF AT AN APPROVED UPLAND FACILITY.
9. MATERIALS OBTAINED TO BE RECYCLED SHALL BE PARCELLED FOR REUSE AS AGGREGATE SUBBASE OR DELIVERED TO THE PORT RECYCLING CENTER.

SITE PLAN

SCALE 1" = 40'

REDUCTIONS OF ENVIRONMENT

1. CONTRACTOR TO PROVIDE A BARRIER OF OTHER MEANS TO PREVENT CONSTRUCTION DEBRIS FROM ENTERING THE BAY. EXISTING DEBRIS SHALL BE INSTALLED AROUND THE ACTIVE WORK AREAS THROUGHOUT THE DEMOLITION AND EXCAVATION PROCESS.
2. CONTRACTOR TO PROVIDE TEMPORARY EROSION CONTROL MEASURES TO ENSURE THAT SEDIMENT ADJACENT RUNOFF IS TREATED BEFORE LEAVING THE SITE.
3. ALL CATCH BASINS TO HAVE CATCH BASINS INSTALLED PRIOR TO CONSTRUCTION.
4. RIMP SEE APPENDIX B.

SURVEY

1. VERTICAL DATUM: CITY DATUM (D.D. US SURVEY FEET)
2. HORIZONTAL DATUM: CA STATE PLANE, NAD 83, ZONE 1, US SURVEY FEET
3. CONVERSION FROM CITY DATUM TO MLLW: 0' COR=11.346 MLLW BASED ON 1983-2001 TIDAL EPOCH AT PIER 22/72
4. SURVEY BY LEE INC. ON 06/09/09 AND 06/22/09. SURVEY CONTROL POINTS (CP1, CP2, CP3, CP4, CP5) ARE LOCATED AT THE CORNER OF THE PROJECT. BENCHMARK LOCATED AT 3RD STREET AND MISSION ROCK STREET.
5. SURVEYING: THE CONTRACTOR IS RESPONSIBLE FOR FIELD STAKING OF THE SHORE PROTECTION CONSTRUCTION WORK. THE STAKING SHALL BE DONE TO MARK THE TOP, TOE, START AND END OF REDEMPTION, EXCAVATION AND DEMOLITION LIMITS AND SHALL BE APPROVED BY THE ENGINEER PRIOR TO CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR CONDUCTING ELECTRONIC SURVEYING EQUIPMENT BASED ON THE PROJECTED USING ALIGNMENT TABLE SHOWN ON THE PLANS AND THE LOCAL CONTROL POINTS PROVIDED BY THE PORT.

POINT #	CONTROL POINTS: CP			DESCRIPTION
	NORTHING	EASTING	ELEVATION	
CP1	2108627.76	6019712.71	11.76	NAIL
CP2	2109301.84	6016671.27	10.81	NAIL
CP3	2107678.79	6016704.21	10.95	NAIL
CP4	2107450.53	6016683.56	10.86	SAWCUT "X"
CP5	2107221.75	6016589.45	10.72	SAWCUT "X"

ELEVATION - CITY DATUM

CONST A HANDBOOK
ENGINEERING

REFERENCE INFORMATION
A. ALL NO. OF SHEETS

13/07/10	100% SUBMITTAL	BY LSP
DATE	DATE OF REVISION	DATE
DATE	DATE	DATE

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING



APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE
DATE
DATE

SCALE
1" = 40'
REV NO

PORT OF SAN FRANCISCO
Mission Bay Shoreline Protection Project
PROJECT AREA

100% Submittal

CONTRACT NO.	2732
DRAWING NO.	
SHEET OF SHEETS	2
2 OF 13	

BID TABULATION

BID OPENING DATE	03/16/11 IN PIER 1, SAN FRANCISCO
CONTRACT NUMBER	2732R
PROJECT NAME	MISSION BAY SHORELINE PROTECTION FOR BAYFRONT PARK

LBE GOAL:	20%	TOTAL NUMBER OF CALENDAR DAYS	180
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NUMBER OF BIDDERS:	06	ESTIMATE:	1,750,000	LOW BID AMOUNT UNDER:	-206,330.00	PERCENT UNDER EST:	-11.79%
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BID RANK	BASE BID	ALT. #1	ALT. #2	BIDDER ID	BIDDER INFORMATION		
1	1,543,670.00	30,780.00	5,000.00	2	FERMA CORPORATION 1265 MONTECITO AVE STE 200 MOUNTAIN VIEW, CA 94043 PHN 650 961-2742 FAX 650 968-3945 Email MFERRARI@FERMACORP.COM		
2	1,713,624.00	46,170.00	4,800.00	4	AZUL WORKS INC 205-13 TH ST., SUITE #3138 SAN FRANCISCO, CA 94103 PHN 415 558-1507 FAX 415 558-1556 Email ROCIO@AZULWORKS.COM		
3	1,728,260.00 ¹	25,650.00 ²	7,500.00	6	GHILOTTI BROS., INC. 525 JACOBY STERET SAN RAFAEL, CA 94901 PHN 415 454-7011 FAX 415 454-8376 Email TOMB@GHILOTTIBROS.COM		
4	1,781,860.00	23,085.00 ³	2,600.00	5	DUTRA CONSTRUCTION CO., INC. 2350 KERNER BOULEVARD, SUITE 200 SAN RAFAEL, CA 94901 PHN 415 258-6876 FAX 415 459-3295 Email HSTEWART@DURTAGROUP.COM		

BID RANK	BASE BID	ALT. #1	ALT. #2	BIDDER ID	BIDDER INFORMATION
5	1,857,650.00	41,040.00	15,000.00	3	GORDON N. BALL, INC. A CALIFORNIA CORP. 333 CAMILLE AVENUE ALAMO, CA 94507 PHN 925 838-5675 FAX 925 838-5915 Email LBRAIN@BALLCONCO.COM
6	1,867,505.00	61,560.00	10,000.00	1	DE SILVA GATES PACIFIC STATES A JOINT VENTURE OF PACIFIC STATES ENVIRONMENTAL 11555 DUBLIN BLVD. DUBLIN, CA 94568 PHN 925 803-4333 FAX 925 803-4334 Email KDONAHUE@PACIFICSTATES.NET

NOTES:

1. Submitted amount was a math error – The sum of extensions governs over the Total Bid Price.
2. Submitted amount was a math error – Unit Price prevails over extension.
3. Submitted amount was a math error – Unit Price prevails over extension.



MEMORANDUM

April 21, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational presentation of the Draft *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

PURPOSE OF BANNER CRITERIA

Port staff has prepared for the Port Commission's review Draft Street Pole Banner Criteria ("Criteria") which would regulate and permit the design, placement, and fees for the street pole banners within the jurisdiction of the Port of San Francisco. The purpose of regulating street pole banners through the Criteria is to create a dynamic and colorful appearance to the San Francisco waterfront that furthers the Port's objective of enhancing its attractiveness and enjoyment for the public while minimizing undesirable visual blight. Under the draft Criteria, the Port would permit banners on street poles on certain roadways to inform the public of civic, cultural, or other public events pertaining to the San Francisco waterfront, or other events consistent with the public use and enjoyment of Port or City property.

HISTORY

The Port has permitted the installation of banners along The Embarcadero Roadway and Jefferson Street since completion of The Embarcadero in 2000. In 2008 Port staff prepared draft Criteria to control the placement of banners along these streets and staff has continually refined the Criteria in response to applicants and input from other City Departments. The Port has regulated banners through the Encroachment Permit process, whereby a permit applicant must comply with requirements as to the location, dates of installation and removal, and necessary insurance. Under Port Commission Resolution No. 07-55, the Port's encroachment permit applies the general standards of the City Public Works Code until such time as staff prepares and presents a Port Public Works Code.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

KEY FEATURES OF BANNER CRITERIA

The draft banner Criteria are, to an extent, modeled after the City's Public Works Code, Article 5.7, Section 184.78 (administered by the Department of Public Works), which allows banners to be placed on the upper portion of City utility poles to provide notice to San Francisco residents and visitors about City funded, City sponsored, City-wide special events, and City convention facility events. The Port's Criteria establish procedures specific to Port streets as follows:

Streets Where Banners Would Be Permitted. Per the proposed Criteria, the Port would allow banners along The Embarcadero roadway and King Street (center median only), Jefferson Street, Illinois Street, Terry Francois Boulevard, and Cargo Way, and the Port's Executive Director may approve hanging banners on other streets that become appropriate such as the newly developed Pier 70.

Allowable Banners. The Port's draft Banner Criteria would allow banners announcing an "Event", which is defined as an activity of general public interest to San Francisco residents or visitors to the Port of San Francisco that takes place in the City or within Port jurisdiction, and can reasonably be expected to have an in-person attendance of 500 or more people for a single event or 1,000 or more for a series of events.

The Criteria describe banners in three categories:

- a. A "**Port Purpose Banner**" is a Banner announcing an event of the Port, its lessees, or licensees within or adjacent to Port property where the Banner is to promote the Port's maritime resources, or activities of the tenant that are not purely for commercial purposes.
- b. A "**Public Agency Banner**", is a Banner announcing an event, or series of related events which have received \$5,000 or more from the City or any of its departments, boards, commissions or agencies, or other recognized government agency, and that furthers or promotes the public mission of that agency.
- c. An "**Event Banner**" is a Banner announcing an event, or series of related events, of interest to a significant portion of visitors to the Port of San Francisco, which is not purely commercial, and where
 - i. All or a portion of the proceeds, if any, will directly benefit a federal, state, or local government agency or a charitable non-profit organization that maintains tax-exempt status under Internal Revenue Code Section 501(c)(3), or
 - ii. The Event will take place on publicly owned property within the City of San Francisco and further a public purpose.

Banners would not be allowed for political purposes or for general commercial advertising. If there is demand for Banner placement that is greater than street poles available for placement of Banners at any given time, the Port shall give preference to events that occur within the jurisdiction of the Port of San Francisco.

Term of Banner Placement. Banners would be permitted for up to fifty (50) consecutive days and must be removed no later than five (5) days after the date of the sponsored event or the conclusion of the permitted 50 days, whichever occurs first. The draft Criteria would permit the reinstallation of Banners for the same or similar event for an additional fifty (50) day period beginning seventy (70) days after the previous permitted Banners were removed. The Port's Executive Director may allow placement of Banners for greater than 50 consecutive days at his or her discretion to further the intent of these Criteria.

Banner Placement Along the Street. For banners to convey a clear message and positively contribute to the visual quality of the Port's streets and roadways, the Criteria specify that all poles suitable for banner installation within a single block shall be limited to a single banner Permittee.

Banner Placement Fees. The Port's Banner Criteria is based largely upon Section 184.78 of the City Public Works Code, which imposes fees only to recoup the Department of Public Works' administrative costs for operating the program. The Criteria and current practice is to collect fees through the Encroachment Permit process using DPW's established fee schedule. Staff recommends continuing this practice.

Nevertheless, Port staff has investigated charging a proprietary Banner Fee representing a reasonable rental rate for the use of Port property as a revenue source, beyond the staff costs of administering the banner program. A proprietary fee, which could be administered through a license to use Port property, would be for the privilege and use of Port property to hang banners that promote a noncommercial "event" as defined in the Criteria, by a Port tenant or a non-profit organization, and could be promoted by a corporate sponsor. Examples of permissible Banners that publicize a Port Purpose Banner could be the San Francisco Giants advertising their presence at home games. Examples of non-profit Event Banners include a variety of "runs", an exhibit opening at a museum, or the beginning of the ballet season. Port staff plans to conduct a study to determine the market value for the banner space on Port streets and, if it appears to be a feasible source of revenue, would return to the Port Commission for its consideration of adoption of such a proprietary fee.



NEXT STEPS

Following this informational presentation Port staff plans to return to the Port Commission for consideration of adoption of the Criteria, without a proprietary fee. Staff may also return to the Port Commission at a later date with a proposal for a proprietary fee for the space occupied by banners on Port streets. In any scenario, staff would prepare environmental review of the banner Project under the California Environmental Quality Act ("CEQA").

Prepared by: Dan Hodapp
Senior Waterfront Planner

For: Byron Rhett, Deputy Director
Planning and Development

Attachment

Draft Street Pole Banner Criteria



Street Pole Banner Criteria

DRAFT

April 21, 2011

I. PURPOSE & DEFINITIONS

- A) **Purpose.** The purpose of the Street Pole Banner Criteria (Criteria) is to govern the design, placement, and fees for the hanging of street pole banners within the jurisdiction of the Port of San Francisco. Banners are intended to create a dynamic and colorful appearance to the San Francisco waterfront that furthers the Port's objective of enhancing its attractiveness and enjoyment for the public. The Port may permit banners to inform the public of civic, cultural, or other public events pertaining to the San Francisco waterfront, or other events consistent with the public use and enjoyment of Port or City property.
- B) **Area of Consideration.** These Criteria regulate the permitting and installation of Banners along the following streets under the jurisdiction of the Port of San Francisco: The Embarcadero Roadway and King Street (center median only), Jefferson Street, Illinois Street, Terry Francois Boulevard, and Cargo Way. The Port's Executive Director may approve hanging banners on other streets specified by these Criteria. The Port shall append to this policy a description of each additional area approved.
- C) **Definitions.** The following definitions shall apply to these Criteria:
- 1) "Banner" is defined as a sign that is not made of rigid material nor enclosed in a rigid frame so as to allow movement, and that is mounted to a public light or other utility pole with top and bottom horizontal rods.
 - 2) "Event" is defined as an activity of general public interest to San Francisco residents or visitors to the Port of San Francisco that takes place in the City or within Port jurisdiction, and can reasonably be expected to have an in-person attendance of 500 or more people for a single event or 1,000 or more for a series of events.



3) Banner Categories:

- a. A "**Port Purpose Banner**" is a Banner announcing an event of the Port, its lessees, or licensees within or adjacent to Port property where the Banner is intended to promote the Port's maritime resources, or activities of the tenant that are not purely a commercial enterprise.
- b. A "**Public Agency Banner**", is a Banner announcing an event, or series of related events which have received \$5,000 or more from the City or any of its departments, boards, commissions or agencies, or other recognized government agency, and that furthers or promotes the public mission of that agency.
- c. An "**Event Banner**" is a Banner announcing an event, or series of related events, of interest to a significant portion of visitors to the Port of San Francisco, which is not purely commercial, and where
 - i. All or a portion of the proceeds, if any, will directly benefit a federal, state, or local government agency or a charitable non-profit organization that maintains tax-exempt status under Internal Revenue Code Section 501(c)(3), or
 - ii. The Event will take place on publicly owned property within the City of San Francisco and further a public purpose.

II. **ALLOWABLE BANNERS**

- A) **Permitted Banners.** Only the following Banners may be posted on street poles within Port property:
 1. Port Purpose Banner
 2. Public Agency Banner
 3. Event Banner
- B) **No Political Advertising and No Public Forum.** Banners that serve as political advertising may not be posted on the street poles within Port property. Nor is it the intent of the Port Commission to create a public forum on the upper portion of street poles within Port jurisdictional boundaries by allowing the placement of banners as permitted by this Criteria, or by allowing any other attachment to street poles.
- C) **Waterfront Event Preference.** If there is demand for Banner placement that is greater than the number of street poles available for the placement of Banners, the Port shall give preference to banners that relate to events that occur within the jurisdiction of the Port of San Francisco.

- D) **Term of Banner Placement.** Banners may be permitted for up to fifty (50) consecutive days and must be removed no later than five (5) days after the date of the sponsored event or the conclusion of the permitted period, whichever occurs first. The draft Criteria would permit the reinstallation of Banners for the same or similar event for up to an additional fifty (50) day period may be permitted beginning seventy (70) days after the previously permitted Banners were removed. The Port's Executive Director may allow placement of Banners for greater than 50 consecutive days at the Executive Director's sole discretion to further the intent of these Criteria.

III. Issuance of Banner Permits

- A) **Permit Required.** No Banner may be installed on Port property without first obtaining an Encroachment Permit from the Port.
- B) **Permit Application.** Application for a Permit must be submitted to the Port no earlier than 120 days and no later than fourteen (14) days prior to the Permittee's requested installation date of the Banners. The application shall include the following information:
- 1) Name of the person or organization requesting the permit, including a contact person, phone number, mailing address, and email address if applicable.
 - 2) A detailed site plan indicating: a) streets and street names; b) location of all poles on a street, including those proposed to be used for Banners (base map of most Port streets with generalized pole locations is available on the Port's web site at www.sfport.com).
 - 3) Name and description of event including event dates for which Banners are proposed, if applicable.
 - 4) Drawings accurately displaying the proposed Banner designs with all dimensions, proposed text, colors, and materials for the Banner.
 - 5) Installation detail and description of materials used for installation.
 - 6) Proposed date for installation and removal of Banners.
 - 7) Other requirements as listed on the application form (available on the Port's website at www.sfport.com).
- C) **Other Permits.** In areas of the waterfront under jurisdiction of another local or state governmental agency, e.g. Caltrans, Permittees would not receive a Port permit to install banners until Permittee has obtained and/or submitted proof of approval from other agencies with jurisdiction.

- D) **Compliance with Sign Guidelines.** Prior to issuance of a permit to allow placement of Street Pole Banners any Port tenant or its lessees, or licensees occupying Port property must be found to be in compliance with the Port Sign Guidelines (available on the Port's website at www.sfport.com).
- E) **Fees.** To cover the Port's cost of administering the Street Pole Banner Criteria, fees to place Banners within the jurisdiction of the Port of San Francisco are payable to the Port in accordance with the posted Encroachment Permit Fee Schedule at the time of filing an application for a permit. The Encroachment Permit Fee Schedule is available on the Port's website at www.sfport.com.
- F) **Violation of Banner Criteria.** Any violation of the provisions of these Criteria or any regulations promulgated by the Port pursuant to these Criteria, or the continued existence of a condition in violation of these Criteria, shall be grounds for the Port Executive Director to deny a permit for a Banner to the person, business, or entity violating the Criteria, until such condition is corrected. At his or her discretion, the Port's Executive Director may require that a performance bond, not to exceed \$25,000, be posted before a permit to hang banners is granted to any Permittee who has violated these Criteria in the past, or any of the regulations promulgated by the Port pursuant to this Section. A person, business or entity which violates the Criteria three times will not be eligible for a new Banner permit for three years following the third violation.

IV. DESIGN CRITERIA

- A) **Dimensions.** The dimensions of the Banners shall be not greater than 72 inches vertically by 36 inches horizontally.
- B) **Attachment.** Banners shall be secured with bottom and top horizontal support rods and metal bands or brackets to attach to the pole. Stainless steel bands, or other types of bands approved by the City, and a protective material such as neoprene, shall be installed to protect the surface of the poles. The Permittee is responsible to pay for and repair any damage to light poles or fixtures. Failure to carry out these responsibilities in a timely and responsible manner will constitute a violation of the Criteria and will affect any future applications for installation of Banners.

- C) **Mounting Height.** The bottom horizontal support rod for the Banner shall be placed a minimum of fourteen (14) feet above the finished grade, measured at the base of the pole to which it is mounted. The top bracket of the proposed Banner shall be placed at a minimum of 2 feet below a riser or guy wire; such as on MUNI poles. Banner height on poles shall be as consistent as practicable.
- D) **Wind Slits.** Reinforced wind slits are recommended. The Permittee may be required to analyze wind and weight loads of the Banners on the proposed poles to be used.
- E) **Banner Content.** Banner content should graphically convey the message of the event or its purpose in a simple manner using bold colors and a minimum number of images and text so as to inform the public of the event and avoid visual confusion. If the applicant seeks to include corporate or commercial sponsorship of the Banner, such sponsorship shall be limited to 15% of the total Banner area and shall not be the visually dominant feature of the design. Port sponsored banners may have a larger area dedicated to the Port sponsorship. Banner content shall be subject to review and approval by the Port's Executive Director or the Executive Director's representative.
- F) **Maintenance.** Banners shall be inspected frequently by the Permittee for any damage or tears to the Banner, associated hardware, or the pole. If any damage or tears exist, the Banner and all its attachments shall be removed or repaired immediately by the Permittee, at no cost to the Port.
- G) **Placement Within Blocks.** Permittees may apply to place one or two Banners per pole where poles are suitable for Banner installation. For Banners to convey a clear message and positively contribute to the visual quality of the Port's streets and roadways the Port will designate all poles suitable for Banner installation within a single block for a single banner Permittee. Permittees may request placement of Banners on multiple blocks. Permittees requesting fewer quantities of Banners than the poles designated for an entire block may request placement of Banners on less than every designated pole within the requested block. Only one Banner sponsor shall be permitted per individual street block.
- H) **Placement of Banners.** The Banner shall not obstruct in any way the public's view of traffic signals, street signs, or any other regulatory, directional, or other Port- or City-approved signs.



MEMORANDUM

April 21, 2011

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director *M Moyer*

SUBJECT: Informational Presentation on the Determination of Fiscal Feasibility for the James R. Herman Cruise Terminal and Northeast Wharf Plaza

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

BACKGROUND

Chapter 29 of the City's Administrative Code requires that certain City projects be subject to a fiscal feasibility review at the Board of Supervisors before the City Planning Department may begin environmental review of the project under the California Environmental Quality Act ("CEQA"). The City ordinance applies to projects proposed by the City for which 1) the implementation and construction project costs exceed \$25 million and 2) the project sponsor reasonably estimates that, at the time of filing an application for CEQA review, predevelopment project costs exceed \$1 million.

Chapter 29 applies to the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project"). Port staff has prepared a Fiscal Responsibility and Feasibility Report dated April 21, 2011. A copy of this Report is attached hereto for the Port Commission's review and comment.

The Port's Fiscal Responsibility and Feasibility Report will be submitted to the Board of Supervisors on April 22, 2010 and is expected to be referred by the Board President to the Budget and Finance Committee. Port staff expects the Board Budget and Finance Committee to hear a discussion of the report on May 4, 2011. Additionally, Port staff expect the Board's Budget Analyst to review and comment on the Report.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

Port staff welcome review and comment by the Port Commission and the public at the April 26, 2011 Port Commission meeting. Additionally, Port staff will advise the Port Commission of any action taken by the Board of Supervisors with respect to the Report.

Prepared by: John Doll, Project Manager,
Planning & Development

Kim von Blohn, Project Director
Engineering

For: Byron Rhett, Deputy Director
Planning & Development

Ed Byrne, Chief Harbor Engineer
Engineering

Peter Dailey, Deputy Director
Maritime



April 21, 2011

Ms. Angel
Clerk of Supervisors
City of San Francisco

tt Place

02

San Francisco Pier 27 Cruise Ship Terminal Project
Fiscal Responsibility and Feasibility

Chapter 29 of the City's Administrative Code requires that certain City projects be subject to a fiscal feasibility review at the Board of Supervisors before the City Planning Department may begin environmental review of the project under the California Environmental Quality Act ("CEQA"). The fiscal feasibility ordinance applies to projects proposed by the City for which (1) the implementation and construction cost exceeds \$25 million, and (2) the project sponsor reasonably estimates that, at the time of filing an application for CEQA review, a portion of the predevelopment planning or construction costs in excess of \$1 million (excluding City personnel costs) will be paid from public monies.

The Port of San Francisco ("Port") is the sole project sponsor of the proposed cruise ship terminal project at Pier 27, which is a public improvement project ("Project"). The Port is submitting the attached Fiscal Responsibility and Feasibility Report and Resolution for the Project.

1. Implementation and construction cost of the Project will exceed \$25 million; and
2. Predevelopment costs exceed \$1 million.

Accordingly, the Port respectfully requests a Board of Supervisors determination in the form of the attached draft Resolution that the Project is fiscally responsible and feasible in accordance with the standards of Chapter 29.

The Port and its Commission are very excited about the Project and look forward to presenting the Project to the Board of Supervisors. We will be happy to answer any questions that the Board may have regarding this important City project.

If you have questions, feel free to contact me directly at (415) 274-0401 or John Doll at 274-0639 from my staff.

Sincerely,

Monique Moyer
Executive Director

cc: Port Commission

FISCAL RESPONSIBILITY AND FEASIBILITY REPORT

Administrative Code Chapter 29

1. Project General Description

The Port of San Francisco ("Port") intends to develop a primary cruise terminal at Pier 27 to replace the existing terminal at Pier 35. The existing terminal at Pier 35 does not have sufficient length, passenger capacity or passenger-handling equipment to accommodate the new, Post-Panamax¹ cruise ships.. Further, the substructure of Pier 35 requires investment to continue to serve as a Port cruise terminal facility. Pier 27 is currently used as a back-up cruise ship berth, but does not have any amenities within the maritime shed.

The Port proposes the development of a new, approximately 88,000 square foot, two-level cruise terminal on Pier 27 that would serve as the primary cruise ship terminal, while the cruise terminal on Pier 35 would be used as a secondary terminal in the event that two or more cruise ships require berthing on the same date². The Port envisions the new, primary Pier 27 Cruise Terminal to be named in the honor of James R. Herman, former Port Commissioner and President of the International Longshore and Warehouse Union³. The James R. Herman cruise terminal would be designed to meet modern ship and operational requirements of the cruise industry and provide an appropriate, welcoming gateway to the City.

As explained below, the Port will build the cruise terminal facility in phases. The Port's cruise terminal project will include the Northeast Wharf Plaza, an approximately 2.5 acre public open space to be located along the west end of Pier 27, along the Embarcadero Promenade.

Cruise Terminal

The Port is assisted in this public improvement project by the Department of Public Works ("DPW"), which is providing project management assistance, and by a joint design team led by Kaplan, McLaughlin & Diaz Architecture and Pfau Long Architects in association with cruise terminal design consultant, Bermello, Ajamil & Partners ("Design Team"). Under the proposed site plan, the existing Pier 27 maritime shed and a non-historic portion of Pier 29 shed will be demolished.

Passengers departing and arriving in San Francisco would pass through the terminal, which would house ticketing, baggage and a U.S. Customs and Border Protection Area and security operations. The cruise terminal improvements would include installation of new maritime equipment, including a mobile overhead gangway for boarding passengers along the Pier 27 apron. The cruise ship shoreside power infrastructure would be in place to provide electricity to power the ship while in berth, allowing cruise ships to cease running their on-board engines.

The paved triangular area between Pier 27 and 29, referred to as the valley, is proposed as the Ground Transportation Area ("GTA") for the cruise terminal. The GTA would be approximately 3 acres providing sufficient space to support access, drop-off and exiting by trucks, taxis, buses and passenger vehicles to meet provisioning and passenger loading needs of the cruise terminal. The GTA circulation

¹ Post Panamax refers to a class of ship size with maximum dimension capable of transiting the Panama Canal. When the Panama Canal expansion modifications are completed in 2014, very large Post-Panamax cruise ships will be able to transit the Panama Canal and call on ports along the U.S. west coast.

² For example, in 2012, the Port of San Francisco will experience 5 days when two or more cruise ships are in port simultaneously.

³ James R. Herman served as President of the Port Commission in 1990 and 1991 and President of the International Longshore and Warehouse Union from 1977 to 1991.

and operation plan includes vehicle queuing space and is proposed to meet all transportation needs off-street, in an effort to remedy traffic congestion and transportation conflicts currently generated from Pier 35 cruise terminal operations impacting The Embarcadero.

In recent years, the Port has received cruise ship calls that have fluctuated between 40 and 80 calls per year, which is expected to continue for the foreseeable future. If a new cruise terminal is constructed, the relationship of the cruise facilities at Pier 27 and Pier 35 would be reversed from current conditions; Pier 27 would become the primary cruise terminal and Pier 35 would serve as a secondary facility. While the annual number of ship calls is expected to remain the same in the future, cruise ship size is growing, holding larger numbers of passengers. The level of improvements and equipment proposed in the Pier 27 cruise terminal would be designed to optimally handle vessels carrying 2,600 passengers (base design load) and would provide some additional capacity at key areas to serve vessels carrying up to 4,000 passengers (peak design load). Additionally, the facility would continue to be used for maritime events, such as Fleet Week, foreign naval diplomatic calls, Tall Ships Festivals and visits by oceanic research vessels and the 34th America's Cup races.

Northeast Wharf Plaza

The proposed Northeast Wharf Plaza would provide an approximately 2.5 acre open space at the western end of Pier 27. Pursuant to the planning policies and objectives in the Port's Waterfront Land Use Plan and San Francisco Bay Conservation and Development Commission's ("BCDC") Special Area Plan ("SAP"), the Northeast Wharf Plaza would be designed to serve as a major waterfront park resource to support passive recreational enjoyment and expansive public views of San Francisco Bay.

The Design Team has developed various design concepts for the Plaza, integrated with the cruise terminal facility and has considered various topographical, material and landscaping treatments and characteristics. The open space would include a "piazza" feature along the western edge of the valley, which would require the demolition of the Pier 27 Annex office building. The historic Pier 29 Beltline Office building would be preserved and integrated within the Plaza design.

The Northeast Wharf Plaza would provide a gathering area for passengers and the general public to view cruise ships when in port, although physical access to the ships would be restricted in accordance with Federal Homeland Security regulations. These regulations would require temporary security fencing along the Pier 27 apron when cruise ships are in berth. When no cruise ships are berthed, fences would be opened to restore public access to the maximum practicable.

Shared Uses

While the cruise terminal would be a permanent facility, the building is designed to accommodate other uses during periods when cruise ships do not call at Pier 27. During these times, the design for the cruise terminal provides for approximately 60,000 square feet of space for shared uses to generate revenues when cruise ships are not berthed. The shared use area, which may extend into the GTA, would accommodate special events, conferences and other public or private gatherings.

In addition, the Project may include limited commercial revenue-producing uses, such as restaurants, that are ancillary to the terminal operations. The public space and commercial components are intended to complement the cruise terminal, but also to thrive independently of cruise terminal operations.



2. Project Purpose and Objectives

Background

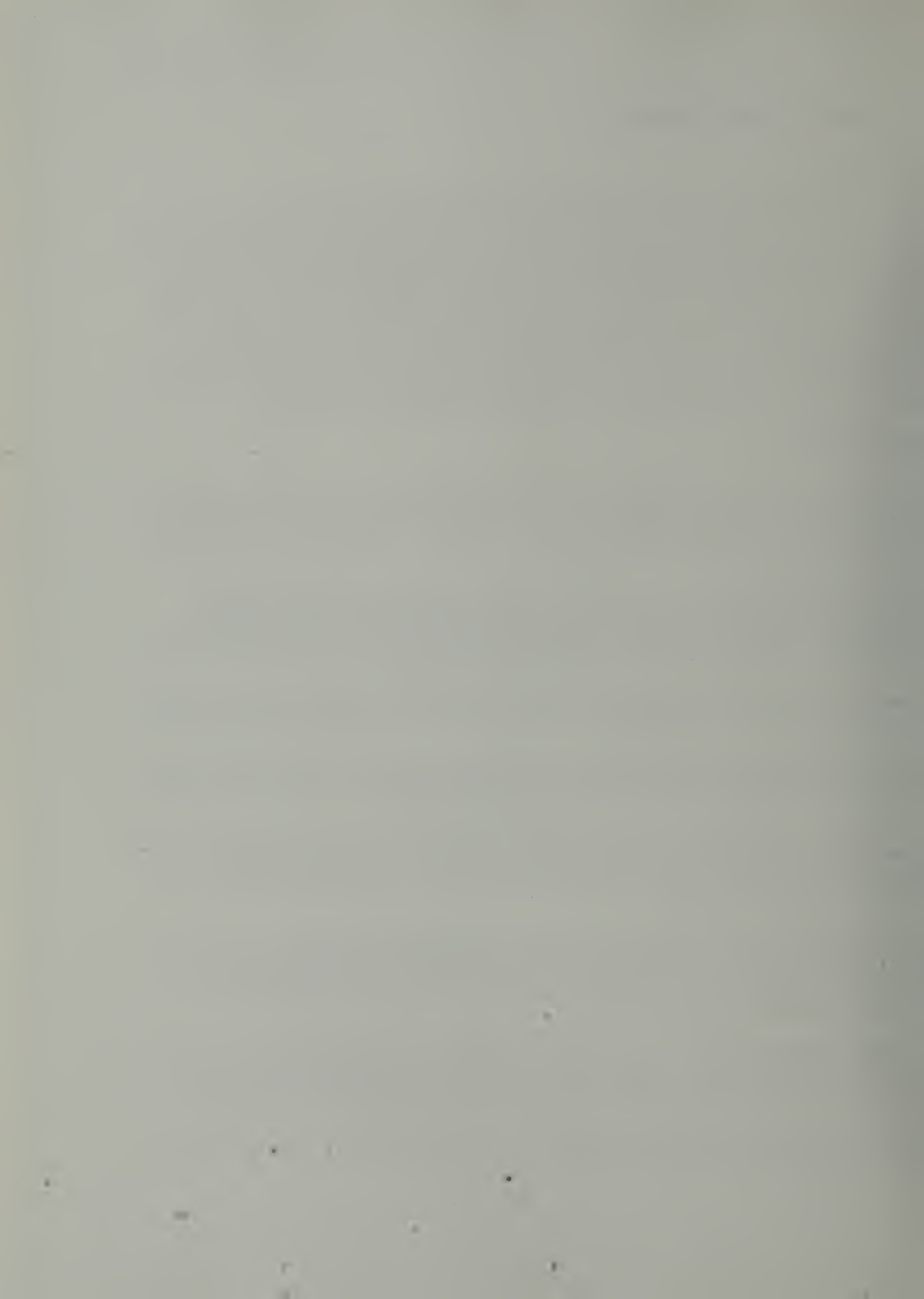
In September 2006, Mayor Gavin Newsom appointed a Blue Ribbon Cruise Terminal Advisory Panel to evaluate the necessity of a new cruise terminal and its value to San Francisco and, if determined necessary and valuable, where that terminal should be located based on cost considerations, maritime functionality and potential funding sources. The Port Commission accepted the Advisory Panel recommendations in September 2007 which directed the Port to develop a strategy to build a modern cruise terminal to meet the evolved security and passenger demands of the cruise industry while also allowing for meeting and special event uses when not occupied for cruise purposes. In February 2009, the Port completed a feasibility analysis of Pier 27 and in June 2009, the Port Commission entered into a Memorandum of Understanding with the DPW to help implement the Pier 27 cruise terminal project. In November 2009, the Port Commission authorized Port staff to execute a design contract the Design Team.

Goals and Objectives

The Port desires to develop an exceptional home port cruise terminal that reflects the values of San Francisco residents and the City's leadership, meets international cruise terminal standards, and complies with regulatory requirements, including the Port's commitment to the stewardship of waterfront historic resources within the Embarcadero Historic District.

The Port has established a set of goals and objectives to build a modern cruise terminal to meet the evolved security and passenger demands of the cruise industry while also allowing for meeting and special event uses when not occupied for cruise purposes. The major objectives for the James R. Herman Cruise Terminal and Northeast Wharf Plaza Project ("Project") include:

- (1) Transform Pier 27 into a year-round cruise terminal that will meet the evolved security and passenger handling demands of the cruise ship industry.
- (2) Develop an efficient facility that will lower the Port's operational costs by the use of effective space planning and equipment to handle passenger circulation and provisioning.
- (3) Configure the cruise terminal in a way that will create opportunities for the Port to allow special event uses when the terminal is not occupied for cruise purposes. The special event uses could result in additional revenue to the Port to support debt payments for the Project and will enhance the City's ability to meet convention business demand.
- (4) Demolish approximately 220,000 square feet of all of the existing Pier 27 shed plus the non-historic portion of the Pier 29 shed. In part, this demolition will create the required open space plaza along The Embarcadero that will serve as a major attraction to visitors and residents and connect the Port's continuity of public spaces along the waterfront.
- (5) Develop a Project that supports the Port's Waterfront Land Use Plan and BCDC Special Area Plan by creating the Northeast Wharf Plaza, a major public open space integrated with public access on Pier 27, promoting public views of the bay that also promotes recreational enjoyment in a maritime district.
- (6) Develop a core and shell terminal building that can be used by the America's Cup Event Authority in 2013 for the running of the 34th America's Cup.



(7) Develop a Project that embodies the City's commitment to sustainability principles by following the guidelines from the U.S. Green Building Council and achieve a LEED certified Silver or better rating and comply with the City's and Port's recently adopted Green Building regulations.

3. Project Delivery

DPW initiated environmental review of the Project under the California Environmental Quality ACT ("CEQA") by engaging Environmental Science Associates to assist in the preparation of a project description. DPW will be implementing an Integrated Project Delivery ("IPD") method to coordinate the services of a Construction Manager/General Contractor ("CM/GC") to offer constructability review and cost estimating services as well as to plan and organize the sequence of construction activities. DPW, Port staff, the Design Team and the CM/GC will work in close collaboration and deliver the Project in a sequence of bid packages. This delivery method has been successfully applied in past projects such as the California Academy of Sciences rebuild project and is also being used on several other complex and high profile public works projects such as the new San Francisco General Hospital Mission Bay campus and the new San Francisco Public Utilities Commission headquarters building on Golden Gate Avenue.

4. Project Work Performed to Date

Facility Program

In April 2010, the Design Team completed a comprehensive Facility Program Statement that included input from multiple stakeholders obtained through a series of workshops. The workshops were aimed at identifying project requirements that will support the operational functions during cruise days, determine the vessel service fleet that will be accommodated, establish the relationship between the terminal and the site amenities, identify spatial adjacencies necessary for optimal efficiencies and form the basis for the construction budget.

Concept Design Options

Based on the Facility Program Statement, on June 30, 2010 the Design Team submitted two conceptual design options to either convert or replace the Pier 27 shed into an operationally efficient cruise terminal that meets evolved security and passenger handling demands of the international cruise industry. Scheme A included a renovation of most of the existing Pier 27 shed while Scheme B proposed demolishing most of the Pier 27 shed and replacing it with a new building. These design options were presented to the Port Commission on July 13, 2010. Based on stakeholder input, the Design Team submitted to the Port Commission an enhanced Scheme B, known as Scheme B2, as its preferred concept option that also would provide a larger baggage area designed to better meet cruise industry standards for the foreseeable future based on increasing vessel size and passenger volumes.

Preferred Concept Design Option

On December 14, 2010, the Port Commission approved the initiation of schematic design work on the preferred conceptual option, known as Scheme B2 that would create a new terminal building. This preferred design scheme is consistent with the Cruise Terminal Advisory Panel's recommendation for a facility that meets the current and future needs of the cruise industry.

Schematic Design

The Design Team has submitted schematic design in late March 2011 and Port staff has requested that a value engineering exercise to align the Port's budget to the project cost. On April 12, Port staff presented to its Commission a strategy to fund the initial phase of the cruise terminal project which included a revised Scheme B2.

34th America's Cup

On December 31, 2010, the City's bid to host the running of the 34th America's Cup was accepted and executed by the America's Cup Event Authority. The bid includes use of Piers 27-29 as the 34th America's Cup village. This use provides funding support from the America's Cup Event Authority for the overall Project costs. Additionally, it provides improved viewing experience of the 34th America's Cup events for the public. As a result of this additional use of Piers 27-29, the Port's Pier 27 Cruise Terminal Project is carefully aligned to the staging of the 34th America's Cup event and requires careful staging of improvements and a compressed Project delivery schedule.

Under the Host and Venue Agreement ("HVA"), the America's Cup Event Authority is required to demolish the shed at Pier 27 and a portion of the shed at Pier 29, and pay up to \$2 million to relocate shoreside power to a different spot on Pier 27. The City is responsible for building the Cruise Terminal's core and shell by January 2013. This requires Project construction in two phases so that the America's Cup Event Authority can utilize the core and shell of the building as a spectator event center and spectator viewing area and the Pier 27 apron for team hospitality berths for races scheduled in 2013.

Subject to the City's completion and certification of a final environmental impact report for the Project and approval of the Project by the end of 2011, Phase 1 would consist of demolition of the Pier 27 maritime shed, partial demolition of the non-historic portion of the Pier 29 shed, relocation of the shoreside power equipment, and the construction of the core and shell of the Cruise Terminal project. The America's Cup Event Authority will install temporary improvements for the duration of the 34th America's Cup racing events and relinquish the site no later than April 2014.

At the Port's option, the America's Cup Event Authority would be required to return the premises to the Port free of all tenant improvements. The Port would then begin Phase 2 to build-out the remaining portions of the cruise terminal building (e.g., the U.S. Customs and Border Protection areas), install maritime equipment such as the mobile gangway as well as fenders and bollards, and complete improvements to the Northeast Wharf Plaza and the GTA.

5. Project Schedule

The Project has a total duration of approximately six years starting the spring of 2009 when the Port began to work with DPW on the predevelopment phase to establish basic Project parameters such as budget, scope and schedule. Below is list of major milestones.

Table 1: Project Schedule

Milestone	Timeframe
Pre-development	May 2009 – December 2009
Programming	January 2010 – April 2010
Concept Phase	April 2010 – December 2010
Design & Entitlements	January 2011 – January 2012
Phase 1 Construction	January 2012 – January 2013
America's Cup Use*	January 2013 – April 2014
Phase 2 Construction	May 2014 – October 2014
Cruise Terminal Opening	November 2014

* Although the 34th America's Cup races are expected to end in October 2013, the HVA stipulates that after the last racing event, the America's Cup Event Authority has 180 days to remove all temporary improvements on Pier 27.

6. Project Costs

The total project budget based on the revised schematic design for the Cruise Terminal is estimated at approximately \$90,308,846, divided into two phases as illustrated in Table 2 below. The construction costs noted below are based on schematic plans, not detailed design drawings. All the program components required in the final design and engineering phase are not known at this time and any omissions could significantly impact the accuracy of the estimated costs.

Table 2: Estimated Total Project Costs

		Phase 1	Phase 2	Total
Construction Costs		\$36,145,753	\$23,242,500	\$59,388,253
Construction Contingency	15.0%	5,421,863	3,486,375	8,908,238
Other Contingency*		1,222,915	664,850	1,869,765
Total Construction		42,790,531	27,393,725	70,184,256
Design & Engineering, Project Management & Entitlement Costs		14,996,576	4,328,014	19,324,590
Program Contingency		400,000	400,000	800,000
Total Project Costs**		58,187,107	32,121,739	90,308,846

* includes 2% scope gap for CM/CG and preconstruction contingency

** does not include demolition and shoreside power costs which is the responsibility of the America's Cup Event Authority pursuant to the HVA.

As noted above, the Phase 1 cost allows for a "core and shell" building to be completed for the 34th America's Cup event. When the Pier 27 site is returned to the Port in early 2014, Phase 2 begins and completes interior improvements as well as the installation of maritime equipment needed for a fully functional cruise terminal. In addition, under Phase 2, the Northeast Wharf Plaza and the GTA would be completed.

7. Sources of Funds

In December 2010, Port staff presented a total budget of \$114,095,757 to the Port Commission. However, as noted above, this budget was not aligned with funding sources. Since that time, Port staff has (1) moved from conceptual to schematic design budget estimates, (2) refined available funding sources, (3) performed a value engineering exercise to identify and integrate cost reductions, and (4) deferred certain Project scope items to Phase 2 to close the funding gap. Given the pressure on the Project schedule driven by Project phasing outlined in the HVA requiring Phase 1 delivery by January 2013, and the opportunity to deliver a legacy cruise terminal Project after the 34th America's Cup, funding of Phase 1 is a high priority of the City and the Port.

As described below, the funding plan for Phase 2 includes several proposed non-Port sources which require additional work to secure. Additionally the shared program uses and related revenue generation requires additional work to reliably estimate revenues.

Project funding is expected to be provided through a combination of sources, including the Port revenue bond proceeds and capital budget allocations, plus a variety of other sources, such as an approved FEMA security grant, proceeds from an anticipated 2012 General Obligation bond measure and a future passenger facility charge.

As shown in Table 3, secured funding sources total \$46.5 million, planned funding sources total \$16.5 million, and proposed funding sources total \$22.9 million for a total of \$85.9 million. The phasing of these funds is shown in Table 4.

The revised Scheme B2 design allows for Phase 1 funding, but defers a budget gap of \$11.9 million to Phase 2. Port staff will work to secure the proposed additional funding sources for Phase 2 between now and 2013. Additionally, Port staff will better refine program uses and related revenue generation. Phase 2 may require an incremental approach to Project delivery and may also require value engineering.

However, Port staff has not fully considered the future economic opportunities arising from the cache and prestige of having been the 34th America's Cup Village and both the start and finish lines of the 34th America's Cup Final Match scheduled for September 2013, should the 34th America's Cup project be approved. Port staff is optimistic that securing the proposed funding sources and resolving the \$11.9 million funding gap to Phase 2 of the Project is achievable.

Proposed Funding Sources

2012 General Obligations Bond

The City's adopted 10-Year Capital Plan, for several years, has included a proposed schedule for a second General Obligation bond measure to assist in funding additional waterfront parks. In 2008, with the help of Mayor Gavin Newsom and the Board of Supervisors, voters generously approved Proposition A, which included \$33.5 million in funding for new and enhanced waterfront parks. The City's Capital Planning Committee recommended that the second bond measure for waterfront park improvements move from a 2014 election schedule to November 2012 to allow seamless Project delivery of the Northeast Wharf Plaza at the foot of Pier 27. The Northeast Wharf Plaza is the last major park envisioned in the BCD's or the San Francisco Waterfront.

Port staff will consult with the Mayor's Office, the Board of Supervisors, the Port Commission, Department of Recreation and Parks staff, and the Capital Planning Committee to formulate the Port's general obligation bond funding request. The Phase 2 Project budget assumes \$9.1 million in proceeds from such General Obligation bond measure, should it be adopted by the voters.



Cruise Operator Contribution

This funding source would be specifically provided for the mobile gangway system which would make the terminal more efficient in getting passengers off and on cruise ships. This \$2.75 million equipment could be funded by the Port's cruise terminal operator⁴, as part of a negotiation of a long-term contract extension in exchange for such investment into the cruise terminal project.

Table 3: Total Funding Sources

	Port Funds	Other	Total
<i>Secured</i>			
Watermark Sale Proceeds	\$20,000,000		
Series A & B 2010 Port Revenue Bonds*	10,075,089		
Operating Budget – Workorder	220,168		
Capital Budget Appropriation	1,225,000		
Event Authority (“EA”) Appropriation		7,500,000	
FEMA Security Grant		7,500,000	
Subtotal: Secured	\$31,520,257	15,000,000	46,520,257
<i>Planned</i>			
2012 Port Revenue Bond Debt*	\$15,500,000		
Capital Budge Appropriation	1,000,000		
Subtotal: Planned	\$16,500,000		
<i>Proposed</i>			
Repurposing Existing 2010 Debt*	2,500,000		
Reimbursement	-2,500,000		
City Contribution		6,500,000	
2012 General Obligations Bond		9,122,943	
Cruise Operator Contribution		2,750,000	
Passenger Facility Charge		4,500,000	
Subtotal: Proposed	0	22,872,943	
Total Sources	48,020,257	37,872,943	85,893,200
Total Sources w/o EA** Contribution	48,020,257	30,372,943	78,393,200

Includes interest earnings

* EA means America's Cup Event Authority provided that the running of the 34th America's Cup is certified and approved in late 2011.

⁴ The Port's cruise terminal operator is currently Metro Cruise Services. The operating agreement expires on April 30, 2011. An amendment to agreement is currently under negotiation.

Table 4: Funding Sources by Phase

	Phase 1	Phase 2	Total
<i>Secured</i>			
Watermark Sale Proceeds	\$20,000,000		
Series A & B 2010 Port Revenue Bonds*	10,075,089		
Operating Budget – Workorder	220,168		
Capital Budget Appropriation	1,225,000		
Event Authority (“EA”) Appropriation	7,500,000		
FEMA Security Grant	1,166,850	6,333,150	
Subtotal: Secured	\$40,187,107	6,333,150	46,520,257
<i>Planned</i>			
2012 Port Revenue Bond Debt*	\$15,500,000		
Capital Budge Appropriation	1,000,000		
Subtotal: Planned	\$16,500,000		16,500,000
<i>Proposed</i>			
Repurposing Existing 2010 Debt*	2,500,000	(2,500,000)	
City Contribution	6,500,000		
2012 General Obligations Bond		9,122,943	
Cruise Operator Contribution		2,750,000	
Passenger Facility Charge		4,500,000	
Subtotal: Proposed	\$ 9,000,000	13,872,943	22,872,943
Total Sources	\$65,687,107	20,206,093	85,893,200
Total Sources w/o EA Contribution	\$58,187,107	20,206,093	78,393,200

* For budgeting purposes, the demolition and shoreside power relocation project components are external work outside of the budgeted Project scope and, as a result, future budgets will exclude the proposed \$7.5 million America's Cup Event Authority contribution as a budget source.

Passenger Facility Charge

Several west coast ports, including the Port of San Diego, have utilized passenger facility charges, a component of their operating tariffs, as a means to offset capital costs of new cruise facilities. This concept is very similar to that used by airports for capital expansion and repair, including San Francisco Airport. Imposition of such charges requires careful consultation with cruise lines to ensure that the Port remains a competitive location for cruise berthing. Port staff is initiating discussions with the Port's main cruise lines about a potential passenger facility charge to fund a portion of the Project

Port staff is considering a potential passenger facility charge of \$3 per person. Enactment of such passenger facility charge is currently proposed by Port staff as an amendment to the Port's Operating Tariff No. 5. Port staff estimates that such a passenger facility charge of \$3 would be assessed on approximately 150,000 passengers annually for a levy period of 20 years. Proceeds from such fees could support approximately \$4.5 million in additional bond proceeds to be repaid from this charge.

Strategies to Fund Phase 2 Shortfall

Given a projected shortfall of \$11.9 million in Phase 2, Port staff will be: (1) reviewing economic opportunities at this location that would be revenue generating, including special event use, parking and other commercial opportunities discussed in detail in Section 8 below, (2) developing cost estimates to determine which Project line items can be reduced, (3) identifying other grant funds that the Port could use to fund portions of the Phase 2 project, (4) identifying Project elements that can be deferred to a future date, and (5) reallocating unused funds from other capital projects.

Although the Port has not yet covered the Phase 2 funding gap, the Port is requesting the Board of Supervisors to consider the fiscal feasibility of the entire Project in order for the City to meet its obligation to deliver the “core and shell” of the cruise terminal building to the America’s Cup event Authority by January 2013.

8. Operating & Maintenance Costs

Metro Cruise Services currently serves as the Port’s cruise terminal operator under Non-Exclusive Management Agreement #13562 responsible for operations and maintenance of the existing Pier 35 cruise facility and the back-up facility at Piers 27⁵. The Port anticipates entering into a similar management agreement for stevedoring services at Pier 27.

Based on a comparative analysis performed in 2003, San Francisco had the highest operational costs as compared to other U.S. West Coast cruise ports. Port staff estimated that an average home ported vessel at Pier 35 cost the cruise lines approximately \$160,000 per call which was 52% higher than at the Port of San Diego and 30% higher than at the Ports of Los Angeles and Seattle. In 2010, the Port of San Francisco’s costs have increased to approximately \$176,000 per call. Although there is no comparable data regarding the other West Coast ports for 2010, it is assumed that San Francisco still has the highest operational costs. These costs are due to the number of exposed areas requiring security guards and physical constraints of the facility which prevents efficient baggage handling (and in turn requires additional staff time).

High operating costs are a disincentive for cruise lines to visit San Francisco. The envisioned program for the Pier 27 Cruise Terminal Project will provide for a more efficient operation. The Project will result in fewer exposed areas which require security, faster baggage handling through a proposed baggage conveyance system, and faster passenger embarkation and disembarkation through a new overhead gangway system. Furthermore, taxis, buses and privately-operated vehicles will have better access to the cruise terminal because of the Project’s expanded ground transportation area that would take vehicles off of The Embarcadero and allow for quicker drop-off and pick-up of passengers.

Based on the new cruise terminal design plan, Port maritime staff expects more efficient baggage and passenger handling will result in greater cost savings allowing San Francisco to be more competitive with other West Coast ports. The Port expects that this new operational plan will reduce costs by approximately 25%. By making the Pier 27 terminal more competitive, the Port may attract more cruise ships to San Francisco. An increase in terminal revenue in conjunction with new net revenue associated with the Project is expected to offset the cost to dredge the berth and maintain the new public plaza in the future.

⁵ On the rare occasion Piers 35 or 27 are unavailable, cruise ships can berth at Piers 30-32 with Metro Cruise Services providing terminal operation services. However, due to the lack of any amenities on Pier 30-32, which is currently used as a parking lot, it is only used as a tertiary location.



9. Yearly Revenue-Generating Uses

The Port has considered additional uses that are envisioned to generate on-going revenue to the Port, serve as a community benefit and/or activate the Northeast Wharf Plaza so that it can be used year-round. These estimates stated below are preliminary and there is a wide range of variation of future new net revenue to the Port. Accordingly, the economic analysis of these uses will be updated throughout the design process to better predict the new net revenue flow to Port.

Special Event Use

Special event use is subordinate to cruise terminal operations. In recent years, cruise ship calls have fluctuated between 40 and 80 calls a year and will likely remain the same for the future. Within this range, most ships will berth at Pier 27 and some will berth at Pier 35⁶. Given a range of one to three days of exclusive use required for each call, the cruise industry could occupy as many as 240 days a year, or 66% of all available time at Pier 27. Availability for special events will be dependent on the needs of the cruise industry.

While the cruise terminal design has not been finalized, space within the terminal can also be used for meetings and special events on non-cruise days. The designated terminal areas do not require additional investment for special event use. The most marketable space would be the passenger waiting room and the baggage lay-down area could also be effectively used either together with or separately from the waiting area. It is also conceivable that a user would rent the ground transportation area either in conjunction with rental of the indoor spaces or as stand-alone event space.

Assuming about 40 events a year, the Design Team believes that a “best-estimate” projection of annual net revenue might be approximately \$929,988 per year, depending on the number of Pier 27 cruise calls and security requirements restricting availability. The estimated range of annual net revenue is \$453,478 to \$1,645,231.

Parking

The new construction of the terminal building will be narrower thereby increasing the footprint between Piers 27 and 29. This increased footprint allows for expanded parking and vehicular circulation in the ground transportation area of the valley area. The Design Team projects a “best estimate” of approximately \$210,320 per year. The estimated range of annual net revenue is \$56,000 to \$364,320.

Commercial Leasing

Current lease revenue generated at Pier 27 may be reduced if current tenants are not able to be re-located within Port property. The Design Team has considered the feasibility of approximately 10,000-20,000 square feet of new food and beverage space whose primary purpose is to enliven the public plaza throughout the year. As an interim solution, leasing of spaces within the Plaza for movable carts and kiosk stalls could be accomplished, assuming that basic utilities are provided. Optimistically, annual revenue is estimated at up to \$10,000 a year.

The “best estimate” for new net annual revenue of the three revenue-generating uses, described below, is approximately \$1,140,308 with a range of between \$499,478 and \$2,019,551.

⁶ Very few ships are anticipated to use the tertiary cruise ship berth at Pier 30-32. Notably, Pier 30-32 is included in the facilities to be leased to the America's Cup Event Authority under long term leases such that after the transfer the Port will no longer have the ability to berth cruise ships at Pier 30-32.

10. Environmental Review Process

CEQA review will be conducted by the City's Planning Department and the City's Planning Commission will consider the environmental impact report prepared for this Project. To meet the Project and the 34th America's Cup schedules, the CEQA process will commence after the Board's fiscal feasibility review and is anticipated to be completed by the end of 2011.

11. Coordinating with Regulatory Agencies

The Project will be presented for review and public comment regularly to the Port Commission, as well as at public meetings with waterfront advisory groups, community and waterfront stakeholders and regulatory agencies. The project will require many regulatory approvals including BCDC. The Port anticipates the Project will require amendments to BCDC's Special Area Plan ("SAP"), a part of the San Francisco Bay Plan, as well as a BCDC major permit. Accordingly, Port and BCDC staff are working in close coordination to evaluate existing policies, solicit early direction and conduct public outreach to help shape and review a concept design for the cruise terminal and Northeast Wharf Plaza which will help determine the scope of BCDC SAP amendments. Public workshops will be scheduled to review and comment on the design progress.

The Project will be presented to the San Francisco Planning Commission as part of the CEQA EIR process. Informational briefings may also be scheduled for the San Francisco Planning Commission and Historical Preservation Commission, given the importance of the Project and its location within the Embarcadero National Register Historic District. The Port also works in close coordination with the California State Lands Commission to manage projects to comply with public trust requirements under the Burton Act and the public trust doctrine.

12. Benefits of the Project to the City and County of San Francisco

As part of the Cruise Terminal Advisory Panel deliberation process, an economic consultant, Bay Area Economics, was commissioned to study the benefits of a new cruise terminal to San Francisco. This 2008 study, entitled "Port of San Francisco, Economic Impact Study," identified economic benefits from expenditures by the cruise lines, passengers and crew. This study determined that the Port has potential to gain additional market share if it could continue to market itself as a cruise home port and destination, build relationships with cruise lines, and improve its facilities to handle larger ships by developing a new terminal at Pier 27. Bay Area Economics concluded that it could create approximately \$29.4 million⁷ annually in direct economic activity. If indirect and induced economic impacts are included, then a total of \$42.2 million in total economic activity is produced, creating a total of 408 jobs within San Francisco. Dividing total impacts (\$42.2 million) by the direct impacts (\$29.4 million) yields a citywide multiplier of approximately 1.43. Thus, every dollar that the cruise industry spends within San Francisco generates \$1.43 in total economic activity. This projection supports the generation of 410 jobs within the City. In addition, the industry generates approximately \$900,000 annually in direct tax revenues that accrue to the City's General Fund.

Regionally, Bay Area Economics estimated \$43.4 million in direct impacts and \$66.9 million in total impacts. This yields a regional economic multiplier of 1.55, or every dollar that the cruise industry spends within the region generates \$1.55 in total economic activity. Under this scenario, the cruise industry would support approximately 470 jobs in the Bay Area.

⁷ All Bay Area Economics numbers represent 2008 dollars and have not been escalated.



It should be noted that the recent BAE Ship Repair Systems/Princess Cruise Lines joint \$5 million investment enlarged the drydock facilities at Pier 70. This improvement allows the largest cruise ships in the world to be repaired and maintained in San Francisco and provides an incentive for cruise lines to call in San Francisco not only for periodic drydock work, but potentially as a home port for passenger service. The Port has already experienced additional cruise ship berthing as a result of having the Pier 70 facilities. These state-of-the-art ship repair facilities are expected to continue to promote cruise calls at the Port of San Francisco, especially Pier 27, and, in the reciprocal, to result in visiting cruise ships scheduling repairs at Pier 70.

Finally, each cruise ship call at the Port of San Francisco generates significant work for members of the International Longshore and Warehouse Union, truck drivers, supply companies and harbor service providers. Drydock work for a cruise vessel at the Pier 70 shipyard creates thousands of hours for skilled union jobs, utilizing ten different marine trades, making it one of the City's largest generators of blue collar employment.

In brief, the Pier 27 cruise terminal Project provides economic benefits to the City and County of San Francisco both in terms of economic activity and direct tax revenue, preserves and promotes maritime employment, and supports San Francisco's tourism industry. The Pier 27 cruise terminal will also be a community asset by providing meeting and special event space on non-cruise days. Development of a new primary cruise terminal with a major waterfront public plaza will solidify and enhance the achievements already made on San Francisco's waterfront.

13. Conclusion

The proposed cruise terminal development is a crucial project not only for the Port, but also for the City and County of San Francisco. For the Port, part of its core mission is to preserve and promote maritime commerce. The cruise business represents one of the last major maritime activities still thriving in San Francisco. Through this Project, there will be substantial economic benefit, directly and indirectly, to San Francisco. The Project preserves and produces maritime employment.

The Port envisions a new primary cruise terminal that will enhance the City's reputation as a world class, waterfront city and tourist destination. The public improvements will have a regional public benefit, by attracting cruise passengers, meeting planners, waterfront tourists and neighborhood residents.

Exhibits:

- A. Schematic Terminal Plan
- B. Phase 1 Site Plan
- C. Phase 2 Site Plan
- D. Terminal Renderings
- E. Board of Supervisors Resolution

[Finding of Fiscal Feasibility; Cruise Terminal Project at Pier 27.]

Resolution finding the proposed Cruise Terminal Project at Pier 27 is fiscally feasible pursuant to Administrative Code Chapter 29.

WHEREAS, Former Mayor Gavin Newsom established a blue-ribbon Cruise Terminal Advisory Panel in 2006 to evaluate the necessity of a new cruise terminal and its value to San Francisco and, if determined necessary and valuable, where that new terminal should be located, based on cost considerations, maritime functionality and potential funding; and,

WHEREAS, The San Francisco Port Commission accepted on September 27, 2007 the Cruise Terminal Advisory Panel's recommendations to develop a single-berth primary cruise terminal at Pier 27 and to implement a strategy to build this facility to meet all of the industry standards for a home port cruise terminal; and,

WHEREAS, The San Francisco Port Commission staff ("Port staff") presented to its Commission on October 28, 2008 a consultant study determining the feasibility of cruise terminal site plan alternatives at Pier 27; and,

WHEREAS, On June 9, 2009, by Resolution No. 09-33, the San Francisco Port Commission authorized Port staff to enter into a Memorandum of Understanding with the San Francisco Department of Public Works to assist the Port by providing Project Management, Architectural and Engineering Services for the Pier 27 Cruise Terminal and Northeast Wharf Project ("Project"); and,

WHEREAS, On July 14, 2009, by Resolution 09-39, the San Francisco Port Commission approved issuance of Port revenue bonds of which \$22 million of revenue bond proceeds from two separate bond issuances was identified for partial funding for the Project; and

WHEREAS, On November 10, 2009, by Resolution 09-70, the San Francisco Port Commission awarded a design contract to a joint venture team of KMD Architects and Pfau Long Architecture in coordination with Bermello Ajamil & Partners as the Cruise Terminal Specialty Consultant ("Design Team"); and,

WHEREAS, Port staff presented information to its Commission on April 13, 2010 regarding the Pier 27 facility program which identified the potential uses within the site, including the cruise terminal and the Northeast Wharf Plaza; and

WHEREAS, Port staff presented information to its Commission on July 13, 2010 regarding conceptual design options for the Project; and

WHEREAS, On December 14, 2010, by Resolution 10-80, the San Francisco Port Commission authorized the Design Team to initiate Schematic Design on Scheme B2, an option for a new terminal building at Pier 27, conditioned on completion of Project review under the California Environmental Quality Act by the City, certification of a final environmental impact report, and the Port Commission's subsequent approval of the Project; and

WHEREAS, On December 14, 2010, the San Francisco Board of Supervisors authorized a proposed Host and Venue Agreement ("HVA") to serve as the City's bid to host the 34th America's Cup-related events ("AC34") in San Francisco in 2012 and 2013, subject to completion of environmental review of the impacts of AC34 and approval of the AC34 project, which the Golden Gate Yacht Club accepted on December 31, 2010, and authorized its designee, the America's Cup Event Authority, LLC ("Event Authority") to execute; and

WHEREAS, Under the HVA, if the AC34 project is approved, the Event Authority will perform or contribute to the cost of demolition of the Pier 27 shed and the non-historic portion of Pier 29 and the relocation of shoreside power equipment to prepare the site for the Project,



should it be approved; the core and shell of a cruise terminal building would be built at Pier 27 for use as a temporary event space for AC34 use until early 2014, then the new building would be completed for use as a primary cruise terminal; and

WHEREAS, The City Planning Department's environmental review of the Project under the California Environmental Quality Act ("CEQA") takes into account the proposed use of Pier 27 for AC34 and any revisions to the Project as a result of such use; and

WHEREAS, The cost to construct the Project will exceed \$25 million and predevelopment costs will be in excess of \$1 million, requiring review by the Board of Supervisors to determine the fiscal feasibility of this proposed Project under Administrative Code Chapter 29; and

WHEREAS, Pursuant to Administrative Code Section 29.3, the Port has submitted to the Board of Supervisors a general description of the Project, the general purpose of the Project, and a fiscal plan; and

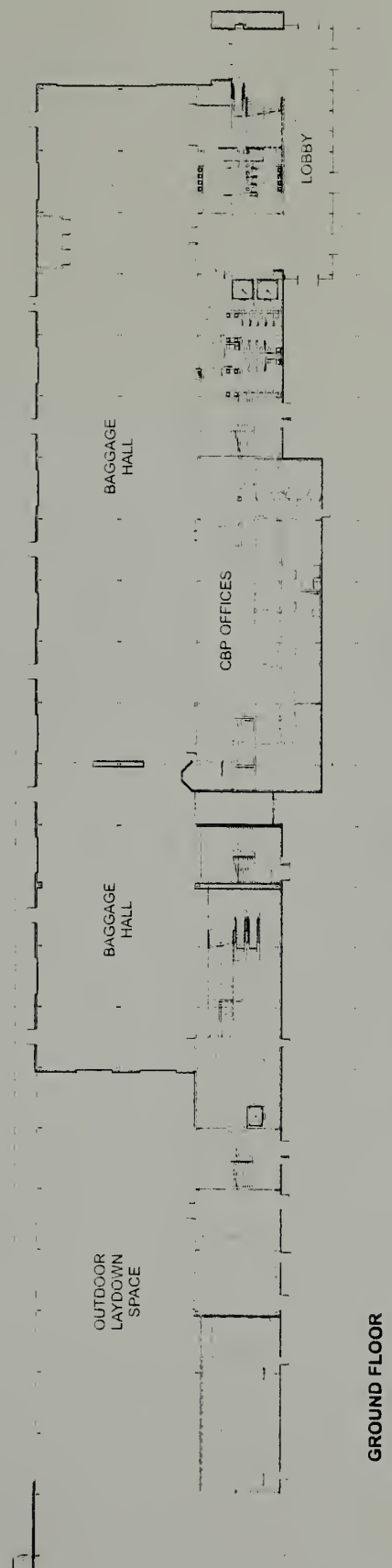
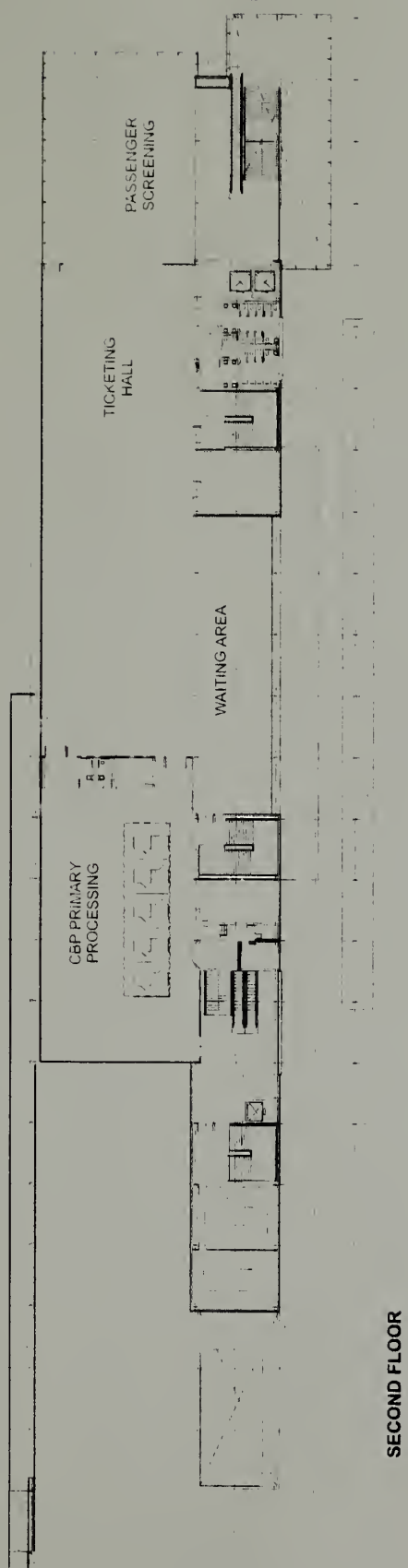
WHEREAS, Pursuant to Administrative Code Section 29.2, prior to submittal to the Planning Department of an environmental evaluation application ("Environmental Application") required under Administrative Code Chapter 31 and CEQA related to the proposed Project, it is necessary to procure from the Board of Supervisors a determination that the plan to undertake and implement the proposed Project is fiscally feasible and responsible; and

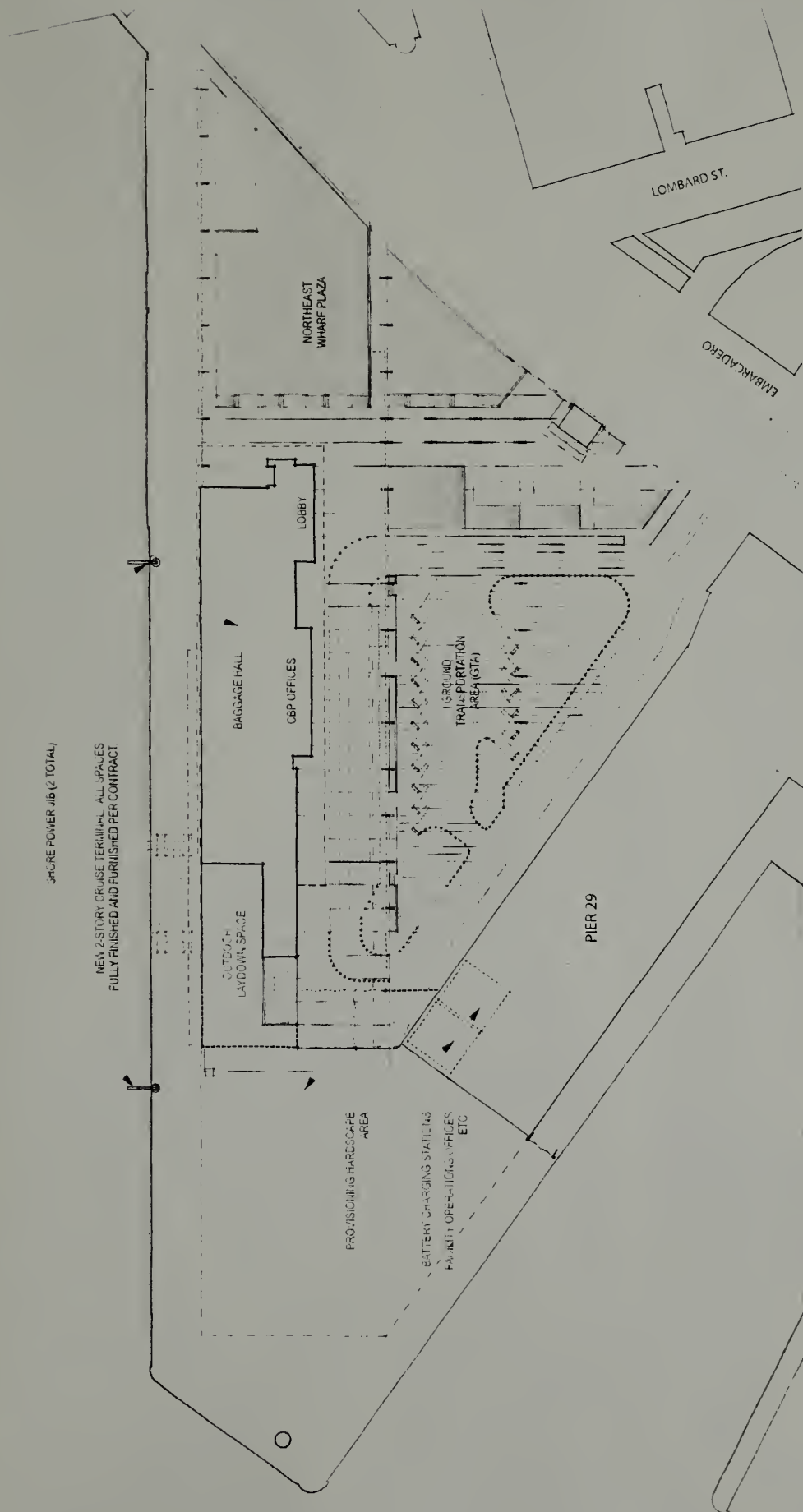
WHEREAS, The Board of Supervisors has reviewed and considered the general description of the Project, the general purpose of the Project, the fiscal plan and other information submitted to it and has considered the direct and indirect financial benefits of the Project to the City of San Francisco, the cost of construction, the available funding for the Project, the long-term operating and maintenance costs of the Project and the debt load to be carried by the Port; now, therefore, be it



RESOLVED, That the Board of Supervisors finds that the plan to undertake and implement the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29; and be it

FURTHER RESOLVED, Pursuant to San Francisco Administrative Code Chapter 29, the Environmental Application may now be filed with the Planning Department and the Planning Department may now undertake environmental review of the proposed Project as required by Administrative Code Chapter 31 and CEQA.





SHORE POWER JIB (2 TOTAL)

NEW 2-STORY CRUISE TERMINAL ALL SPACES
FULLY FINISHED AND FURNISHED PER CONTRACT

BAGGAGE HALL

CBP OFFICES

LOBBY

OUTDOOR
LANDOWN SPACE

PROVISIONING HARDSCAPE
AREA

GROUND
TRANSPORTATION
AREA (GTA)

BATTERY CHARGING STATIONS
FAULTY OPERATIONS OFFICES
ETC

PIER 29

NORTHEAST
WHARF PLAZA

LOMBARD ST.

EMBARKADERO

AND PLANT VENTURE - P&A

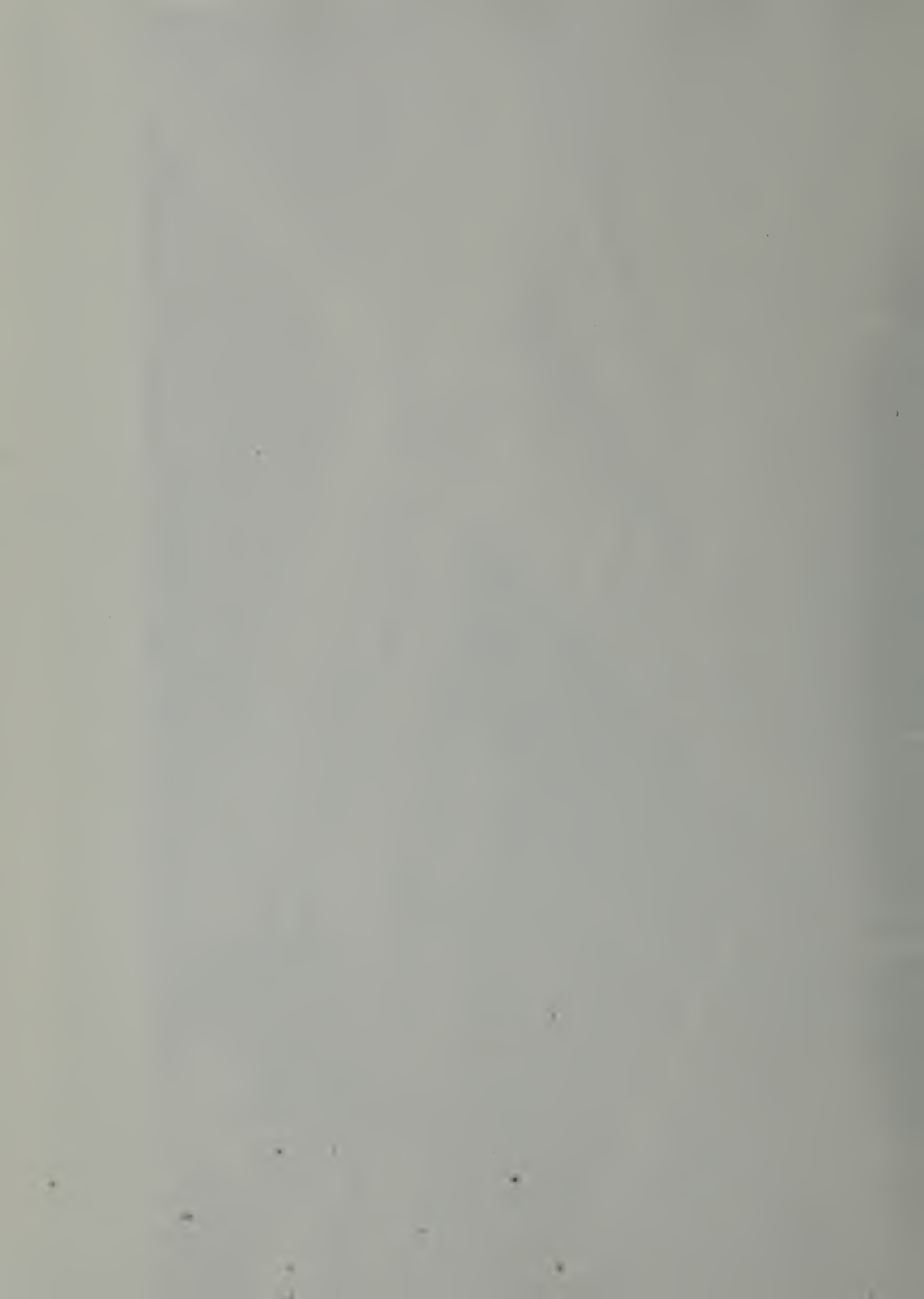
PIER 29 - CRUISE TERMINAL AND NORTHEAST WHARF PLAZA - PHASE 2

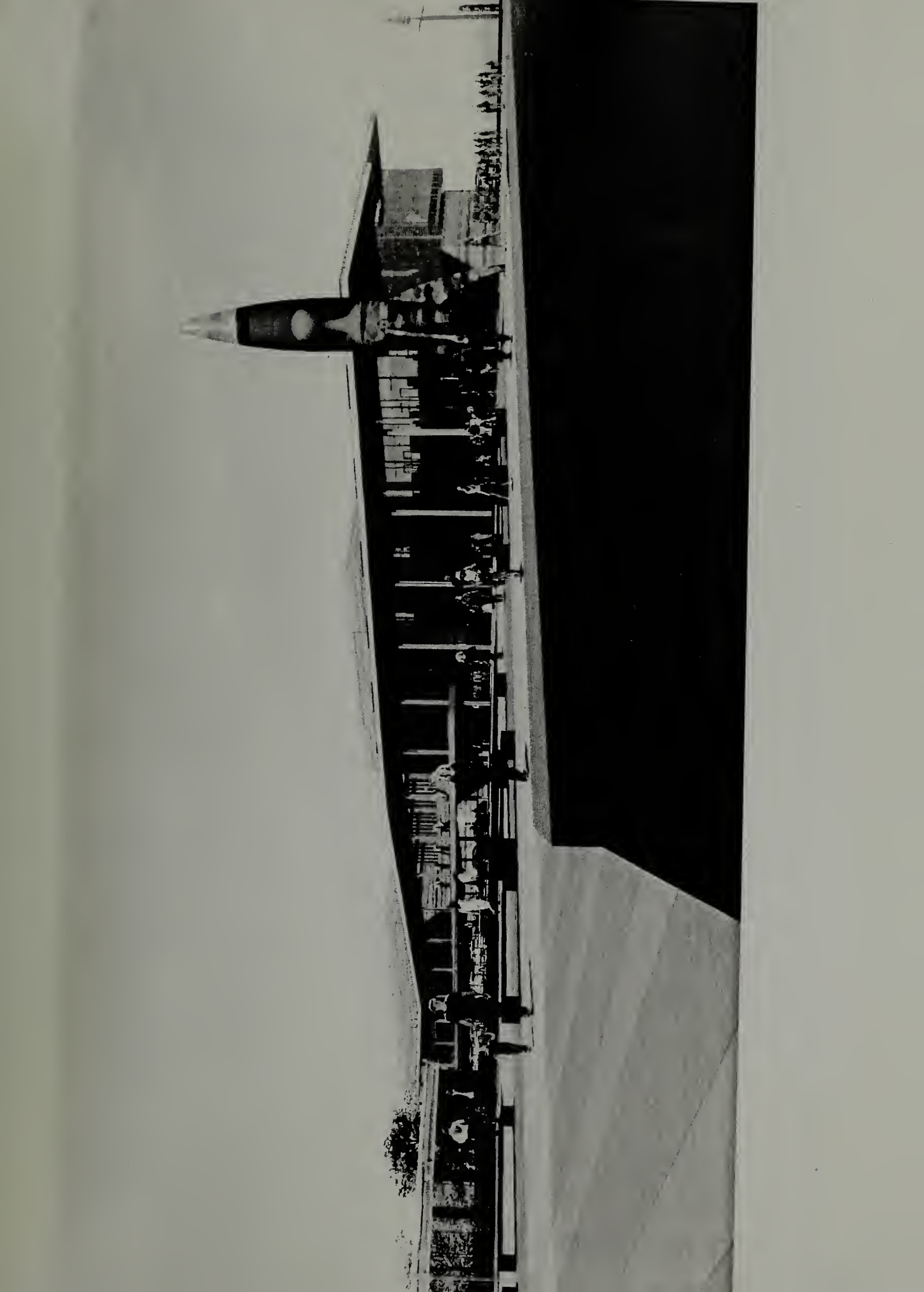
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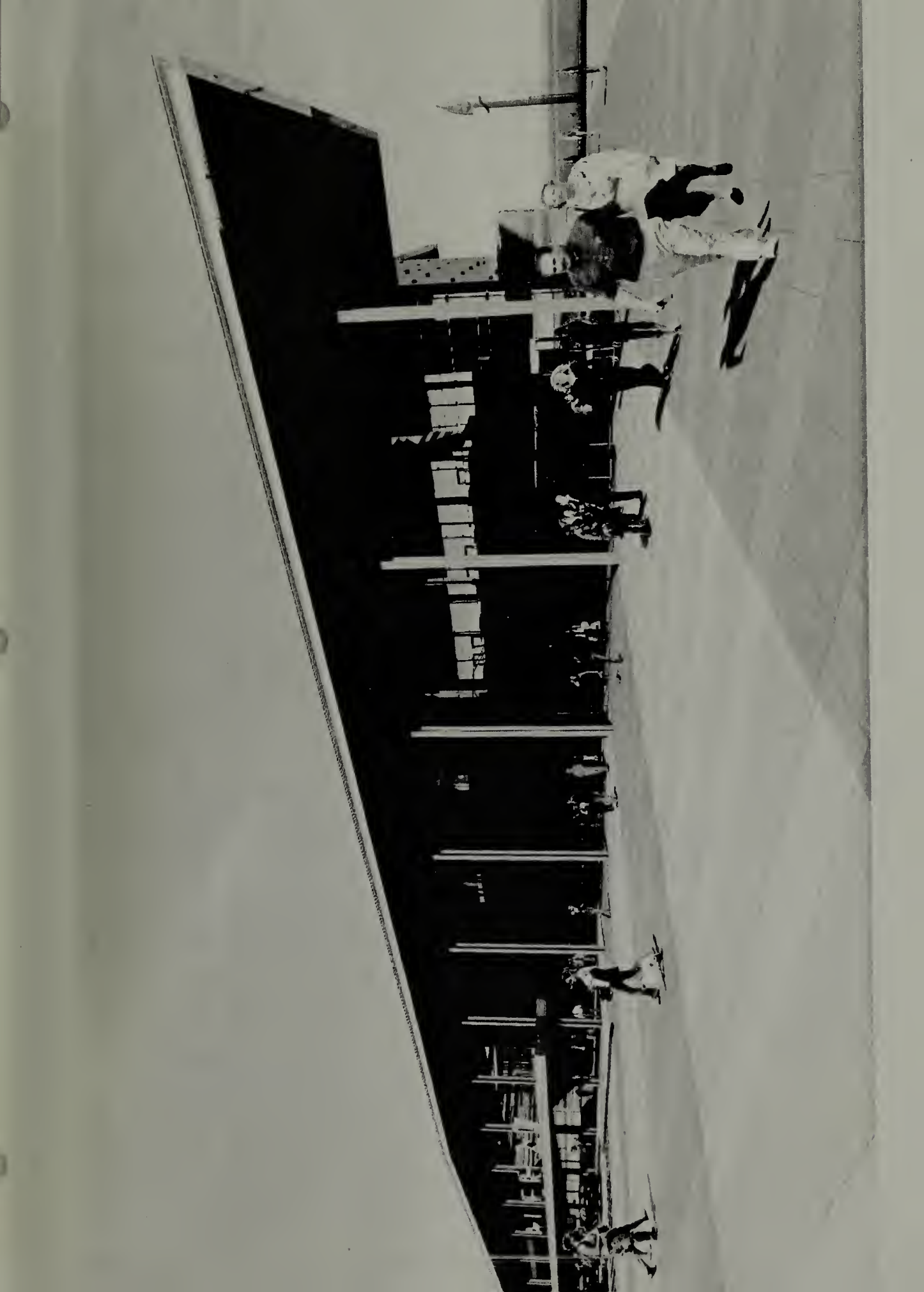
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SAN FRANCISCO PORT COMMISSION

**APRIL 26, 2011
MINUTES OF THE MEETING**

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MAY - 9 2011

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**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, APRIL 26, 2011

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:05 p.m. The following Commissioners were present: Kimberly Brandon, Ann Lazarus, Francis X. Crowley and Leslie Katz.

2. APPROVAL OF MINUTES - April 12, 2011

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; the minutes of the April 12, 2011 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. This is specifically authorized under California Government Code Section 54956.8. **This session is closed to any non-City/Port representative.***

a. Property: Piers 19, 23, 26, 27, 28, 29, 29½, 30-32, 80, Piers 14-22½, 32-36 and 54 water areas and Seawall Lot 330

Person Negotiating: Port: Jonathan Stern, Assistant Deputy Director, Planning and Development, and Brad Benson, Special Projects Manager

*Negotiating Parties: America's Cup Event Authority, LLC: Stephen Barclay, Craig Thompson and Patrick Jost

b. Property: Currently undesignated parcel(s) on Treasure Island/Yerba Buena Island subject to the public trust

Persons Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

*Negotiating Parties: Rich Hillis, Office of Economic and Workforce Development, on behalf of the Treasure Island Development Authority (TIDA)

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Lazarus made a motion not to disclose any information discussed in executive session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Devices During the Meeting

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. CONSENT

- A. Request authorization to advertise for competitive bids for Contract No. 2745, the Hyde Street Harbor Joint Operations and Security Building Project. (Resolution No. 11-24)
- B. Request authorization to award Construction Contract No. 2746, Five Year Maintenance Dredging Project, to Dutra Dredging Company, in the initial amount of \$4,000,000, and to increase the contract amount by 10% or \$400,000, in the event of unanticipated contingencies; and subject to available funding, and authorization to increase the contract amount to a sum not to exceed \$15,901,050, inclusive of a 10% contingency. (Resolution No. 11-25)

- C. Request authorization to award Construction Contract No. 2732R, Mission Bay Shoreline Protection for Bayfront Park Project to Ferma Corporation, in an amount not to exceed \$1,579,450, and authorization for a 10% contingency of \$157,945. (Resolution No. 11-26)

ACTION: Commissioner Lazarus moved approval; Commissioner Crowley seconded the motion. All of the Commissioners were in favor; Resolution Nos. 11-24, 11-25 and 11-26 were adopted.

8. PLANNING AND DEVELOPMENT

- A. Informational presentation of the Draft *Street Pole Banner Criteria*, which would govern the design, placement, and fees for the placement of street pole banners within the jurisdiction of the Port of San Francisco.

Dan Hodapp, Planning and Development, indicated that the City currently permits banners to be hung on utility poles for limited periods of time to inform the public about events as described in the Public Works Code. The Port has also allowed banners in the center median of the Embarcadero Roadway and on Jefferson Street for the past ten years. The City uses an adopted Public Works Code to define and regulate how this is done. We are proposing that the Port adopt criteria similar to the Public Works Code although criteria that respond to the Port's Public trust requirements and unique waterfront conditions. Currently the Port uses its encroachment permit process to issue permits to hang banners. For the Commission's review are the Draft Street Pole Banner Criteria which would regulate and permit the design, placement and fees for the street pole banners within the jurisdiction of the Port. The purpose of regulating the street banners through the Criteria is to create a dynamic colorful appearance to the waterfront that furthers the Port's objective of enhancing its attractiveness and enjoyment for the public while minimizing undesirable visual blight. The Draft Banner Criteria are to the extent modeled after the City's Public Works Code. The proposed Criteria are specific to the Port in the following ways: the Port's Draft Banner Criteria would allow banners announcing an event which is defined as an activity of general public interest to San Francisco residents or visitors to the Port that takes place in the City or within Port jurisdiction and can reasonably be expected to have an in person attendance of 500 or more people for a single event or a 1,000 or more for a series of events.

The Criteria define specific streets, in addition to the central median of the Embarcadero Roadway and Jefferson Street, Illinois Street, Terry Francois and Cargo way will be added to the list. The Port Executive Director may approve banners in other streets that may become appropriate such as a newly developed Pier 70 area. The Criteria describe banners in 3 categories:

1. Port Purpose Banner is a banner announcing an event of the Port or its tenants.

2. Public Agency Banner is a banner announcing an event or series of related events from the City or any of its agencies or other recognized government agency that furthers the public mission of that agency.
3. Event Banner is a banner announcing an event which will benefit a government agency or a charitable nonprofit organization and that will take place on a publicly owned property within San Francisco and further a public purpose.

Banners would not be allowed for political purposes or for general commercial advertising. Banners would be permitted for up to 50 days and must be removed no later than 5 days after the date of the sponsored event. Banners could be reinstalled for an additional 50 days after they have been off for 70 days. The Port Executive Director could allow placement of banners for greater than 50 days.

So that banners will convey a clear message and avoid visual clutter, all poles within a single block will be limited to a single banner permittee or banner permits are for full blocks.

Both the City and the Port currently impose fees only to recoup administrative costs for operating the program. The Port does this through the encroachment permit process using the Department of Public Works established fee schedule. Staff recommends continuing this process. In addition Port staff investigated charging a proprietary banner fee representing a reasonable rental rate for the use of Port property as a revenue source beyond the staff costs of administering the banner program. A proprietary fee would be for the privilege and use of Port property to hang banners that promote noncommercial event as defined in the criteria by a Port tenant or a nonprofit organization and could be promoted by a corporate sponsor. Examples of banners where there could be a proprietary fee are the San Francisco Giants advertising their presence at home games, various nonprofit events such as the variety of benefit runs that occur on Port property, an exhibit opening at a museum, or the beginning of the ballet season. Port staff prepared market comparisons with the airport and MTA to test the fee structure. As an example, the proprietary fee had been set at \$50 per banner for a 50 day placement period, a rate well below the anticipated market value of the space occupied by each banner. Revenues for 2010 would have exceeded \$50,000 if all applicants continued with their application. Staff plans to conduct a study to determine the market value for the banner space on Port streets and, if it appears to be a feasible source of revenue, staff will return to the Port Commission for its consideration.

Following this presentation, staff plans to return to the Port Commission for consideration of adoption of the Criteria, without a proprietary fee. Staff may also return to the Port Commission at a later time with a proposal for a proprietary fee for the space occupied by banners on Port streets.

Commissioner Lazarus asked who installs the banners. Dan Hodapp replied that the applicant hires the banner company. The banner company files for encroachment permit which poses the necessary insurance and meets the requirements of working on Port property. Commission Lazarus asked if the insurance kicks in with the permit. Dan Hodapp replied affirmatively.

Commissioner Lazarus asked about the terms of the banner placement, the 50 days and 70 days lapse. She asked if those terms were based on experience.

Dan Hodapp replied that the purpose for limiting the length of banner placement to 50 days or 70 or 40 is to maintain and create freshness to the waterfront. Every time a visitor comes to the waterfront, the banners change, the appearance changes. We have tested the Banner Criteria for the past three years and have been using that number. It's been a model that's been working but it could be a different number if the Commission prefer. The same intent of after 50 days, the banners must be off for a while and the applicant can bring them back and it will appear fresh again.

Commissioner Lazarus indicated that 50 days seem to have worked and 70 is a nice intermittent time. She asked about the placement of banners on the blocks. Dan had described it one way and it's written differently. It's not clear the way it is written how many banners can be or not be in one block.

Dan Hodapp replied that a change was made a couple of years ago to allow only one permittee per block. At one point, we had 3 different permittees within a block and it started to look like confetti on the waterfront. You wouldn't get a clear message of any single banner permittee coming through. We also found that not all poles could accept banners due to visibility of street lights or conflicts with some of the arms that service the Muni lines. Even though there are about, on average, 20 poles per block and you can put two banners on each one, in reality it doesn't come out to that number; sometimes it's 12, 14 or 8. There are a limited number of poles. We encourage applicants to fill in the entire block and that's how we've been administering the program.

Commissioner Lazarus indicated that the main goal was to have one permittee per block. Dan Hodapp commented that it would have a visual punch to their program by repeating the image.

Commissioner Lazarus asked if all the maintenance responsibility falls on the permittee once the banners are installed. Dan replied affirmatively and added that we have not had any trouble by any applicants removing their banners. We've had one government agency not removing their banners other than that it's been successful. We've not had any problems and we've not had to chase applicants to do that.

Commissioner Katz asked if the fee that will be imposed is a standard fee. Dan Hodapp replied that we have a processing fee to administer it and there is a possibility in the future of a proprietary fee.

Kim Brandon asked Dan Hodapp to go over the fees.

Dan Hodapp indicated that currently, DPW and Port both charge an administrative fee to handle staff cost of administering the program. It's a minimal fee and it doesn't factor in the time required to maintain the program such as develop the standards but it does require the encroachment permit process and the inspector's fees. It's not very significant fee. The Port adopts the DPW fee schedule to do that. It's not extra. The other fee we are proposing to study would be a license to use Port property as this is valuable commercial advertising space. Should we pursue looking at this as a revenue source it raises the question if the applicants would be willing to continue to do this? We've looked at the fee schedule at the airport. They have a commercial sign program throughout the airport and have a contract with Clear Channel and they have set rates for it. The airport space is different from ours. We've done some marketing analysis. We need an outside consultant to do a detailed analysis to determine the value of these spaces.

Monique Moyer clarified that we are allowed by law to charge a processing fee, which DPW does. The licensing fee that Dan Hodapp is talking about is more like rent; otherwise, we run into constitutional problems.

Kim Brandon asked if the Port currently doesn't charge any licensing fee. Monique Moyer replied that we don't charge any rent.

Dan Hodapp indicated that there would be the ability to charge applicants rent if it's the Commission's preference.

Commissioner Crowley indicated that although this doesn't happen often, he asked what happens with scofflaws that don't take down their signs. He asked what the penalty is. He asked if it's a violation of banner criteria in the performance bond.

Dan Hodapp replied that at one time in the draft we had written and suggested imposing a fine but because it has not been a problem, we've pulled that language out. DPW does have a "fine" system in their policy. If we have to put in a fine, we have to go to the Board of Supervisors for an ordinance. What we currently have in the Criteria is if there are continued problems, it would require posting a bond. The Executive Director could ask for \$25,000 bond. There are limited numbers of companies that install banners and they want to do business with the Port over and over again. That's probably why we haven't had any problem.

Monique commented that charging rent is an incentive of its own.

Commissioner Katz asked if there's a hierarchy of renters if two renters wanted to come in at the same time or would it be first come first served. Dan Hodapp replied that the way we currently administer the space on Embarcadero is we keep some charts based on month by month. Applicants must show up two weeks before and not more than 120 days before. We try to match the location of the event with the location along the promenade. There is a statement in the Banner Criteria that Port sponsored waterfront events would get preference than City sponsored event. We tend to fill up during the spring and we have quiet moments in January, February through mid-March. If it becomes more popular, it could become an issue. Currently it seems to balance out quite well and we are able to keep everybody satisfied and we're able to find a place for them although it's not always their first choice. Most applicants want to be right in front of the Ferry Building and there could only be one in front of the Ferry Building at a time.

Commissioner Brandon asked if there is a limit to how long the banners could be up on the poles. Dan Hodapp replied that we are administering it as proposed in the Criteria and then they must come down. The limit is 50 days, which is 7 weeks and a day and it coincides with the way the installer functions, they put them up on a Monday and they come down on a Monday.

Commissioner Brandon asked if there's any rent being charged for banners throughout the city. It's her understanding that the banners cost between \$8,000 -\$10,000. She asked if that money all go to making the banners. Dan Hodapp replied that the money goes to fabricating the banners and the company that fabricates them also does the installation and de-installation. That's the real cost of putting banners up. The banner permit fee paid to the Port or the city is very minor compared to the actual cost of the banners.

Commissioner Brandon asked if the Port refers people to banner companies. Dan Hodapp replied that we do not refer the applicants to the companies. The applicants are responsible for finding their own.

Commissioner Brandon indicated that hopefully staff can come back with the rent proposal.

Under the design criteria of the banner content, Commissioner Katz asked if there will be any kind of prohibition or review or who would make a decision of content. Dan Hodapp replied that the Criteria state that they encourage a clear display of the message. When this Criteria comes back to the Port Commission in its final form, staff is going to add a language, particularly if we charge rent, to limit alcohol and tobacco advertising and other things. That language is currently not included in the Criteria.

Commissioner Katz asked if there is intent to allow listing of corporate or commercial sponsorship. Dan Hodapp replied that the sponsor is allowed to occupy 15% of the banner area, which is consistent with the city's DPW

Code. Commissioner Katz asked if there will be higher rent charged for those that do that. Dan Hodapp replied that when the new version of the Criteria is brought back to the Commission, there is an ability to show more than just one rent, to do breakdowns etc. It is not for commercial advertising; it's for an event. The sponsor is incidental to what's listed on the banner. If they were to have a commercial purpose, that would be something different and it would require an ordinance.

Commissioner Katz asked if commercial advertising is currently prohibited. Dan Hodapp replied that it is unless there is a local law permitting it. It relates to a proposition (Prop G) passed in 2002 that prohibits advertising except on public streets where permitted by local law.

Monique Moyer indicated that sometimes there are banners that are Port banners such as the ones we had for Fleet Week or for the 40th anniversary of cruise calls by Princess Cruises. It's very rare but we have them every now and then.

B. Informational presentation on the determination of Fiscal Feasibility for the James R. Herman Cruise Terminal at Pier 27 and Northeast Wharf Plaza Project.

John Doll, Planning and Development, indicated that Chapter 29 of the City's Administrative Code requires that certain City Administrative Code requires that certain City projects be subject to a fiscal feasibility review at the Board of Supervisors before the City Planning Department may begin environmental review of the project under the California Environmental Quality Act ("CEQA").

Mr. Doll indicated that the staff report should have stated that the City ordinance applies to projects proposed by the City for which 1) the implementation and construction project costs exceed \$25 million, which the cruise terminal project does; and 2) at the time of filing for CEQA review a portion of the predevelopment planning or construction cost is in excess of \$1 million excluding city personnel cost which will be paid from public monies.

Staff filed the staff report with the city clerk and it is slated to be heard at the Board's Budget and Finance Committee on May 4, 2011.

There are two underlying principles or questions under fiscal feasibility: (1) How is the Port going to fund this project and (2) What are the city benefits?

John Doll showed a rendering of the existing Pier 27 site. We proposed to demolish the existing Pier 27 shed plus the non-historic portion of Pier 29. If all goes well, it will be developed into the new cruise terminal project. Per the Host City and Venue Agreement (HCVA), the Event Authority is required to demolish Pier 27/29 as well as to relocate the shoreside power equipment.

This allows the Port to come in at Phase 1 in 2012 to build or construct the core and shell building. The Event Authority is given exclusive use during 2013 for the 34th America's Cup races. In 2014, the site is returned to the Port so that we can finish the Phase 2 construction. Phase 2 construction relates to making the cruise terminal an operable cruise terminal facility as well as completing site improvements.

Two weeks ago, Kim von Blohn discussed with the Port Commission the prevailing costs. The estimated cost for Phase 1 is \$65.7 million which includes the Event Authority's contribution of \$7.5 million towards demolition and shoreside power relocation. Phase 2 construction cost now is \$32.1 million for a total cost of approximately \$98 million. As Kim mentioned two weeks ago, this was done as a result of reducing the project cost by \$16.5 million, shifting \$11 million from Phase 1 to Phase 2 and identifying additional funding for the project.

He showed a table of the funding sources that was presented two weeks ago and it was also enclosed in the staff report to the Board of Supervisors. It enumerates the planned and proposed funding sources for Phase 1 and Phase 2. Most of the funds for Phase 1 are from the Watermark condominium sale proceeds and revenue bonds. The Phase 2 proposed cost includes 2012 General Obligation bond that will have to go to the vote of the people. \$9.1 million would be directed for the Northeast wharf plaza. The cruise operator's contribution of \$2.75 million would be dedicated for a mobile gangway system. Those items are still proposed and they are in the works. In terms of project cost and funding, we have a strategy to complete funding for Phase 1. However, for Phase 2, there's approximately \$12 million gap. There are some strategies but we are not there yet. We, however, have the following options: (1) to review opportunities to generate additional revenues including special events usage, parking, and commercial leasing within the Pier 27 site. We will consider further project costs reduction as long as it doesn't negatively impact the performance standards of a cruise terminal operation. We will try to identify new sources of revenue including grant funding or other sources. We would select project components that are in the project now that we could defer at a later date. We will reallocate unused funds from other capital projects. As the process goes forward, we will periodically check in with the Port Commission with regard to the project funding and project cost not only with the Phase 1 progress but especially with regards to Phase 2 since we have a funding gap.

Based on the 2008 Bay Area Economics study, assuming that the cruise industry brings 200,000 passengers and crew each year to the Port, this project would generate approximately \$300 million annually in direct economic activity to the city. It would support at least 400 jobs within the city. It will also generate approximately \$1 million annually to the general fund. Some of the city benefits are: (1) it enhances the city's reputation as a tourist destination; (2) it increases the demand for maritime businesses as well as

maritime employment particularly with the synergy between the cruise terminal facility and the drydock at Pier 70; (3) it continues and it integrates the improvements along the northern waterfront which includes the Exploratorium project; (4) it will serve as a lasting legacy for the 34th America's Cup. We hope to use the cache for the 34th America's Cup for future special events use at Pier 27.

This item will be presented to the Board of Supervisors' Budget and Finance Committee meeting on May 4, 2011. We are in the process of selecting a CM/GC. The RFQ was issued two weeks ago. A pre-bid meeting was held on April 22, 2011. We hope to come back to the Port Commission for consideration of approval of the contract during the June meeting. On a parallel course, the design team is busy doing the design development drawings. We hope to complete them by July and we will check in with the Port Commission at that time. After that, the construction drawings hopefully will be completed by the end of the year. Another parallel course is CEQA. The goal is to complete CEQA by the end of this year so that we can start Phase 1 construction in January 2012.

Commissioner Lazarus asked how many people showed up at the bidder's conference. John Doll replied that there were about 20 people, representing about 12-15 firms. Everybody we expected to be there was there. There's good interest to be CM/GC for this project.

Commissioner Lazarus asked if this is separate and apart from the CEQA for the America's Cup. John Doll replied that a notice of preparation was done for America's Cup and the Cruise Terminal EIR. Those should be completed in November 2011.

Commissioner Lazarus asked if we are tangled up with that if anything happens to it. John Doll replied affirmatively.

Executive Director Monique Moyer added that we've hired one consultant. The Port is paying the share for the Cruise Terminal analysis and write-up and the America's Cup budget will hopefully pay the share related to America's Cup assuming that there is a budget approved by the Board of Supervisors through the budget process. Whether it's ultimately a single report, we don't know that yet. There's something under CEQA that's called adjacency rule. For that reason, it's being studied together.

Commissioner Lazarus asked about the slide that John showed on the funding sources. It didn't match up with what's included in the report - table 3 of page 9 of the report.

Monique Moyer clarified that it's actually table 4 on page 10 of the Fiscal Feasibility Report.

9. NEW BUSINESS

10. PUBLIC COMMENT

11. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Crowley seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 4:02 p.m.

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